

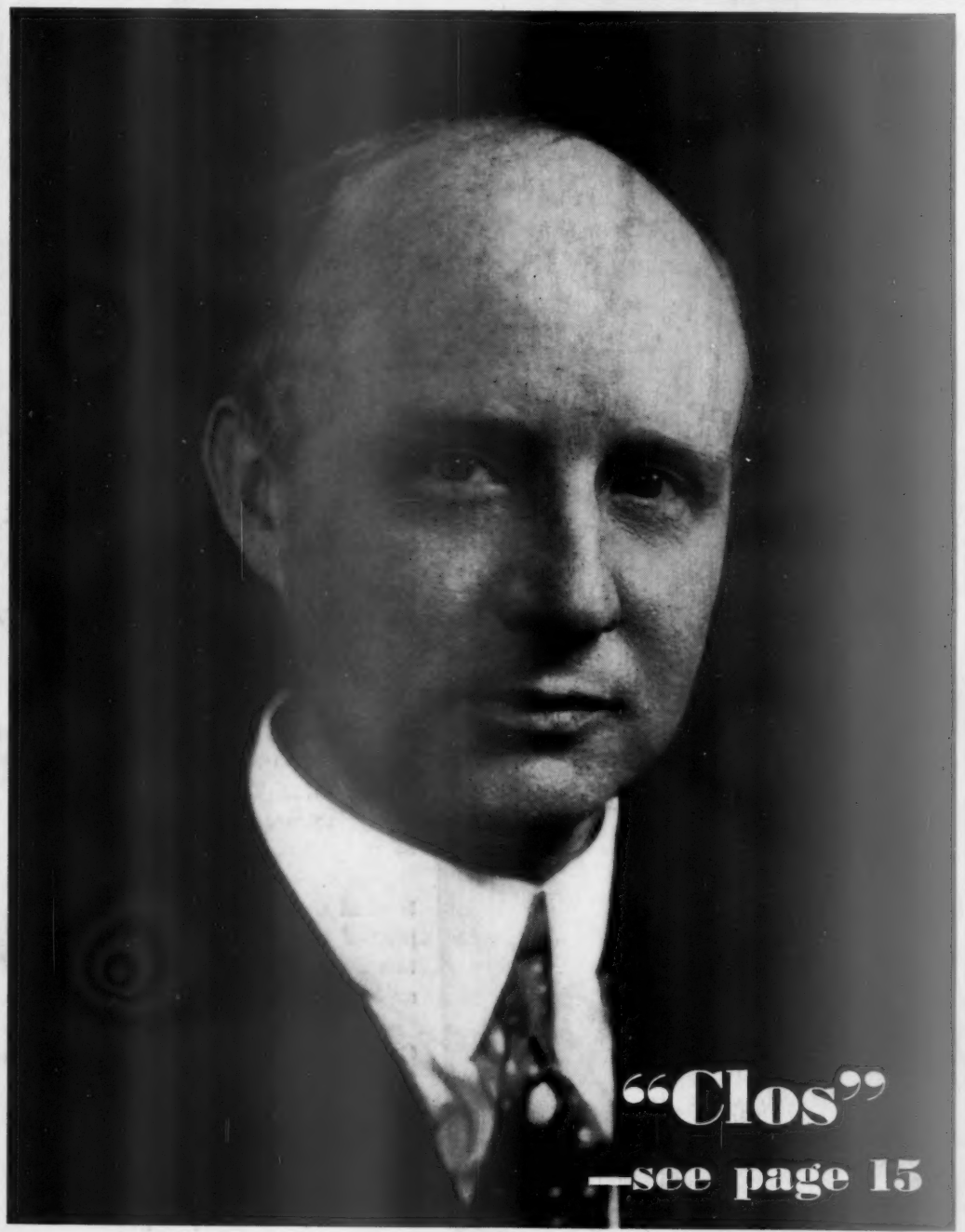
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PURCHASING

CONSOLIDATED WITH • *The Executive* **PURCHASER**



“Clos”

—see page 15

Vol. IV No. 10

OCTOBER 1936



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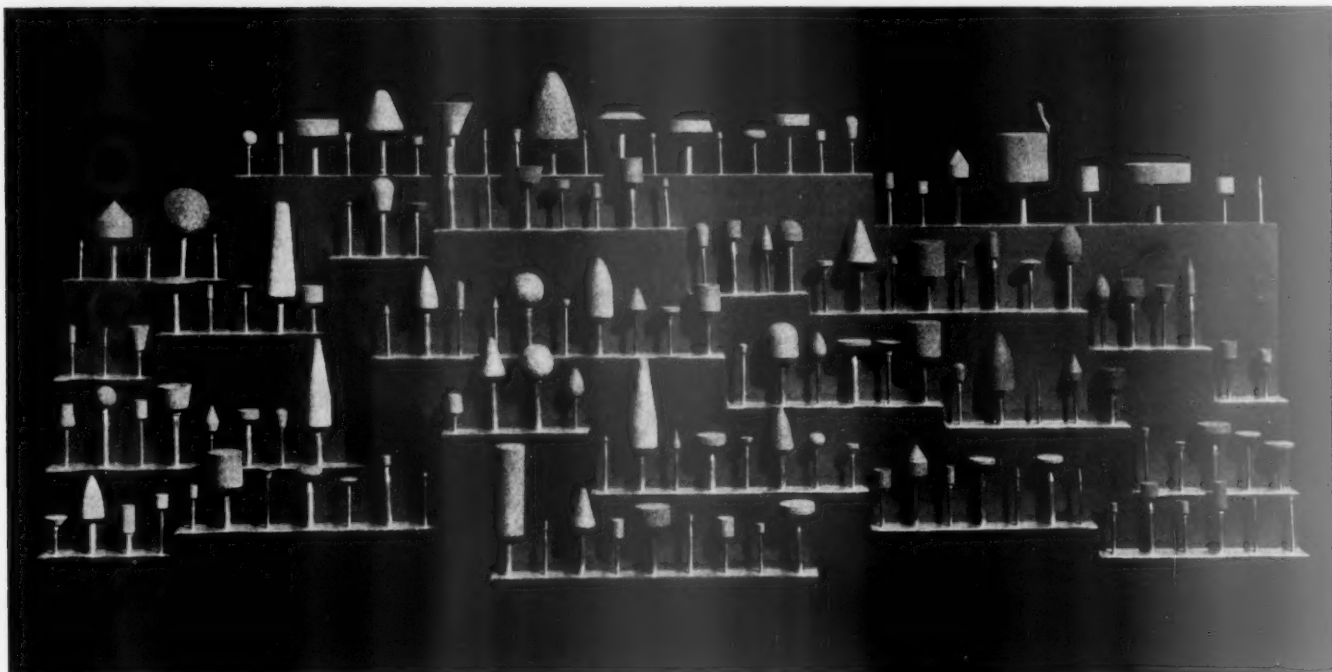
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NORTON ABRASIVES

PURCHASING

Established 1915 as "The Purchasing Agent"
Consolidated with "The Executive Purchaser"

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October 1936

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PAGE 2

PURCHASING

Commodity Prices—What's Ahead?

From the standpoint of preparedness we urge you to consider seriously the following urgent economic problems:

- (1) Industrial production is now only 7% under the 1929 peak, and producing capacity is far from being taxed. Is there danger of near-term over-production?
- (2) Has the unusually high volume of summer business, free from the normal mid-year decline, borrowed from the prospective fall recovery?
- (3) What will be the magnitude and intensity of the so-called prosperity area which is destined to begin this fall?
- (4) Are commodity prices, which have advanced 8% since May and now are at the highest level since 1930—74% over the 1933 low and only 15% under the 1929 average—subject to further radical changes before the turn of the year?
- (5) Profit or loss is now largely dependent upon inventory policies. Many commodities are fundamentally too high. Others are below their intrinsic value. Characteristic of prosperity areas or increased production is keener competition, narrower profit margins, and the tendency to reduce prices to stimulate demand. Are such conditions directly ahead?

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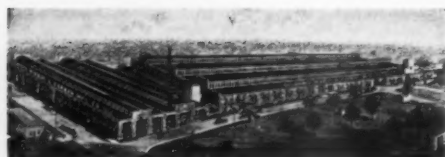
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MAIL

Extra-Curricular Assignments for Purchasers

To the Editor:

It has occurred to me that there must be
hundreds of purchasing agents who have
extra duties assigned to them, and it is
entirely possible that it might make very
good reading and help to get away from
the routine recital of the duties of the pur-
chasing agent, with which we are all too
familiar.

JAMES CLARK MCGUIRE
Purchasing Agent

The Port of New York Authority
New York, N. Y.
September 11, 1936

Reader McGuire's suggestion is an ex-
cellent one. As a starter, we have probed
into his own official duties, crediting an
assist to A. A. Landis for a highly readable
and informative personality sketch in the
September issue of *Caravan*, the guest
magazine of National Hotel Management
Co. Mr. McGuire's purchasing job alone
is a sizable proposition. The Port Au-
thority is a joint agency of the States of
New York and New Jersey, established by
treaty and set up in 1921 to promote the
commercial development and improve
transportation and terminal facilities of
the Port of New York. Now rated as a
225-million dollar business, all funded by
public bond issues, it has constructed and
operated four great bridges—George
Washington, Bayonne, Goethals, and
Outerbridge Crossing—the Holland Tun-
nel, and the Port Authority Building, and
is currently at work on the new Midtown
Hudson Tunnel connecting Manhattan
with Weehawken, N. J. Mr. McGuire
came with the organization in 1928 as as-
sistant engineer, took over the purchasing
job four years later. The "extra duty"
which has fallen to his lot is that of or-
ganizing all of the ground breakings, cor-
nerstone layings and dedications of the
Authority for the past eight years. Each
of these ceremonies is planned months in
advance, and involves a tremendous
amount of detail—grandstands, menus,
transportation, police assignments, first
aid, public address systems, etc. Most
important factor for a smooth performance
is perfect timing. To this end, Mr. Mc-
Guire and his assistants go through every
detail in advance, with stop-watch in hand.
He drives through traffic over prescribed
routes, climbs up stairs, paces off prede-
termined routes of march, as the program
may require; reads aloud advance copies
of the speeches before a microphone to
assure the split-second accuracy demanded
by radio time schedules. And as a result
of this preliminary clock work, the public
ceremonies proceed in clockwork style,
justifying Mr. Landis in his assertion that
J. C. McGuire is indeed the "Master Mas-
ter of Ceremonies." Biggest affair of the
sort, to date, was the opening of the George
Washington Bridge across the Hudson,
which included a luncheon for 5,300 guests
at the 102nd Regiment Armory, a major
maneuver in cross-town bus transporta-
tion, elaborate pageantry by the Army,
Navy, Marines, and Air Force and the
formal snipping of the ribbon by the Hon.
F. D. Roosevelt, Governor of New York.

In prospect is a similar ceremony for the
dedication of the Midtown Vehicular Tun-
nel late in 1937. In between times, and
not as a part of his official duties, Mr.
McGuire has found time to achieve high
rank in the field of photography and to
prepare fourteen articles for the current
edition of the Encyclopedia Britannica,
ranging from *Airports and Alcohol, Indus-
trial to U. S. Shipping Board*.

That's one answer to the question of
what a purchasing agent is called upon to
do besides purchasing. Who is next?

Libelous Lampoons?

To the Editor:

You will recall that about a year ago I
roasted the everlasting tar out of the editor
of *Business Week* for running cartoons and
illustrations disparaging to purchasing
agents. Since that time we have had no
recurrence of their derogatory allusions.

It was a great surprise and disappoint-
ment to me recently to find a similar car-
toon in an issue of *PURCHASING*. Unfa-
vorable criticism of purchasing agents is of
course to be expected from editors of hos-
tile magazines and those who attempt to
belittle the purchasing agent in order to
sell advertising. But I cannot understand
why you as a friend of the purchasing
agent should run such a cartoon. How-
ever, I passed it over thinking that it had
undoubtedly been an oversight on your
part. But lo and behold, as I look through
the September issue, I find another one on
page 16, which is perhaps the worst I have
seen so far.

I have been purchasing for approxi-
mately twenty years and number thou-
sands of purchasing agents among my
friends. There are also thousands of
salesmen whom I consider as friends. Be-
cause of this wide acquaintanceship, I be-
lieve I would be one of the first to hear of a
purchasing agent who kept salesmen wait-
ing unnecessarily.

Now I know that this cartoon was
printed without any malice, perhaps for
the purpose of self-examination of pur-
chasing agents, and possibly with the idea
that it might be considered humorous. If
your magazine were read just by purchas-
ing agents, I should have no objection
whatsoever to cartoons of this kind, but I
happen to know that your magazine is
read by executives of industrial firms as
well as by those who prepare editorial ma-
terial for other magazines, and if we per-
mit cartoons of this kind to be run in our
own magazine, what can we expect of
editors who have their own personal axes
to grind?

I personally resent having unfair criti-
cism directed at me as a purchasing agent.

PURCHASING

IS IT TRUE WHAT THEY
SAY ABOUT AN
H&D SHIPPING BOX
MERCHANDISING ITS
CONTENTS?



Lord knows we have enough to contend with, without having our own magazine throwing bricks at us. My shoulders are broad enough so that I can take criticism if I deserve it, but in fairness to all of the purchasing agents whom I know personally and to thousands of others who do not have the courage to defend themselves, I hope that you will not print any more disparaging cartoons such as the one referred to on page 16 of the September issue.

JOS. W. NICHOLSON
Purchasing Agent
Central Board of Purchases
City of Milwaukee

Milwaukee, Wis.
September 16, 1936

To the Editor:

The picture on page 16 is "a honey."

C. H. KISSEL
Purchasing Agent
Goulds Pumps, Inc.

Seneca Falls, N. Y.
September 19, 1936

Vulnerable

To the Editor:

At the end of the article on page 29 (September issue) you refer the reader to page 65. My arithmetic is none too dependable, but I could not find any pages beyond 56.

JOHN T. HARBISON
Purchasing Agent
Eastman Kodak Co.
Hawk-Eye Works

Rochester, N. Y.
September 22, 1936

To the Editor:

.... your article about our reception room system in the September issue of PURCHASING.... Our only adverse criticism is that the article is said to be continued on page 65 whereas it is actually continued on page 54.

ARTHUR P. HICKCOX
Director of Purchases
Scovill Mfg. Co.

Waterbury, Conn.
September 19, 1936

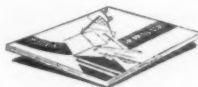
To these and other correspondents who have called our attention to a regrettable typographical error, we confess our mixed emotions—remorse for the inconvenience and natural irritation caused by the "bad steer" on page 29, and gratification at this evidence of interest which impelled them to read through to the end.

Mr. Harbison also notes the reference to Spangler's theory, on page 17. The allusion is, of course, to Oswald Spengler, German scholar who in 1918-1922 brought out his study "The Decline of the West," expounding a philosophy of history based on the fatalistic theory that civilization moves in cycles and that western culture has already entered upon its period of decline, a contention which he felt was amply supported by the circumstances of the World War.



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Education for Purchasing

DURING the past month, in a score of industrial centers throughout the country, the classes in purchasing are again under way for another winter's earnest study, writing another chapter in the story of a unique educational development.

For these classes are distinctively and intimately associated with purchasing men and the progress of their profession. They are the fruition of an intense desire and high purpose, within the ranks of buyers, to provide opportunities in an essential field of instruction which professional educators (with a few notable exceptions) are still passing by.

With the purchasing function subordinated or ignored in the curricula of most colleges of business administration, purchasing men characteristically decided that the situation called not only for criticism but for action. Their earlier projects were of the vocational type, or in the nature of discussion groups on a more systematic basis than was afforded in monthly association meetings. From these beginnings the program has advanced to the point where sponsorship has been accorded by an increasing number of business schools, but in the majority of cases the leadership and the meat of the study material is still provided by buyers themselves. In a number of cities this feature constitutes a major activity of local association work.

This record is evidence of a deeply rooted "faith in his profession," one of the cardinal points in the purchasing creed. The results have been noteworthy in improved buying practice, in directing attention to purchasing as a vocation, in fostering more adequate training for departmental assistants, in clarifying and providing a more rounded conception of the function. All of these aims will be furthered by the current season. The purchasing field owes a real debt to those of its members who are devoting their time and effort to this work.

It is no disparagement to suggest that another important educational objective is still unattained in any truly broad sense—an understanding of the procurement function not only on the part of buyers but by business executives generally. Purchasing, however proficiently done, cannot achieve its highest service to a company unless coordinated with the general management policy as a basic and integral part of the plan. We hesitate to use the terms "recognition" or "appreciation" of the function, because they connote a certain measure of self-interest on the buyer's part, whereas it is the interest of management which should be served. Up to this point, education in purchasing has been largely of the buyer, by the buyer, and for the buyer. In this further step it must be *of* the buyer, possibly to some extent *by* the buyer, but definitely *for* management.

The Harvard Graduate School has been outstanding in its acceptance of this viewpoint; other schools in lesser measure. It is clear that the initiative must still come from purchasing men, that the educators must be educated; and it is a worthy endeavor. Only when the students and executives of industrial organization, whether in sales, engineering, production, or finance, truly understand the role of the purchasing agent will purchasing live up to its full potentialities. That is the next step in the educational program.

STUART F. HEINRITZ, EDITOR

FENCES

*They keep out as much as they keep in
—which is a sorry state of affairs
when the barriers we build are mental
ones, rooted in habit or selfishness*

FRED G. SPACE

Purchasing Agent
Seymour Manufacturing Co.

WE ARE TOLD that human nature is about the same the world around, that man's emotions are essentially primitive and for the most part continue as such even as he ascends the scale of civilization. As man becomes educated, however, he presumably acquires a new concept of his place in the world and his relation to society. He recognizes his interdependence and develops a new sense of values, hence he controls and directs his emotions and discovers and cultivates new outlets for them.

People may be widely traveled, although their feet may never have trod the deck of a steamship and their eyes may never have seen the pattern of the fields or the contour of the hills as they would be revealed from the cabin of a trans-continental air liner. Their pockets may never have bulged with a folder of travelers' checks or a Cook's tour itinerary but nevertheless they have seen the world. Great books may have been their source of knowledge, a multitude of famous explorers their inspiration, and imagination the lens that may supply even a more vivid picture than their own eyes would record. There is a homing instinct, however, deeply imbedded in all of us. Call it nostalgia, if you will, but it is that something that brings us back, either physically

or mentally, to those scenes that in the more plastic period of our lives were indelibly placed there never to be erased. It turns back the calendar and directs our feet into old familiar paths.

One of the popular makes of cars advertises that at 40 a miracle occurs. You lift your foot lightly from the accelerator and with a motion hardly perceptible you are gliding along at the same speed but more silently and with fewer revolutions of the engine. Something akin to this occurs daily with most of us. It may be a word of a phrase, perhaps it is a letter, or it may even be the perfume of a flower wafted through the window that causes us to lift our hands and thoughts for an instant from the customary task and, behold, a miracle occurs!

A forward look is the progressive approach to any problem but, whether we recognize it or not, intricately and inseparably mixed with it are the experiences of the past. Life is like that. Why bother to define everything? Many of the choicest experiences of life do not lend themselves to definition. To many of us, particularly those more fortunate persons whose early life was inexorably interwoven with the farm, what more potent word can you conjure than the word



"fences"? How it takes us back! We climbed those fences and repaired them. There are many patterns, ranging from the stone walls of some parts of New England, wide enough as the old settlers would say to provide a road for a yoke of oxen. Yes, there are also rail fences—something was always wrong with them, they were in constant need of repair, but after all we may have liked them best for certain very homely and practical reasons. There was no romance to a wire fence. Utilitarian in its motive, unfriendly in its design, it would become a barrier to escape, not only from those quadrupeds whom it sought to confine, but also to the small boy who became entangled in its burrs as he in turn was seeking asylum from the onrushes of some angry critter.

The word "fence" may mean everything from the manly art of foils to a receiver of stolen goods, but



Photo by Galloway

we will leave that to the dictionary. To many of us it suggests an impediment to our escape where as lads we attempted to cut across lots in a hurried effort to reach the old swimming hole after the chores had been finished. Fences are indeed of great variety and pattern and uses. A lady from Texas related to me only a few days ago how, on that portion of their ranch described as the home lot, they would sink the closely woven wire fencing well into the ground in a reasonably successful effort to keep the rattlers from becoming too neighborly. There may be picket fences and brush fences. They may be of wood or wire or stone but they all serve a common purpose. The Great Wall of China, one of the Seven Wonders of the World, was erected not to keep the Chinese in but to keep their enemies out.

At the time this is being written, all of the Congressmen (as the late

Will Rogers would have said) are home mending their fences, but for a reverse purpose—namely, to keep themselves in and the other fellow out. Fences play a prominent part in the social and business life of every community. They need repairing from time to time and additions and replacements as the occasion requires.

It is not only amusing but at times disconcerting to observe some of these fences. In our effort to keep others out we may shut ourselves in, with the result that instead of becoming exclusive we become narrow; instead of enlarging our horizons we limit them. Such fences have a way of becoming higher and higher until they succeed in shutting out the light.

We have found that tariff barriers have the same tendency. High fences create curiosity which in turn breeds suspicion and under some conditions may culminate in

hatreds. Many people are so constituted that they have an aversion to appearing in the limelight. It is a convenient excuse for side-stepping responsibility. They prefer to hide their light under a bushel. To such the Sermon on the Mount is merely a bit of beautiful literature rather than something to live by.

It is pathetic the way some business men regard their fences. When their ethics are questioned, it affords something to hide behind. They overlook the fact that public opinion is something that fences cannot keep out. Their sales representatives extol the virtues of their products, but when you question them closely as to how they are made and what they are made of you are told that it is a trade secret.

I know of a factory that was slovenly maintained. It was approached by a billboard concern who succeeded in putting across the idea that a long row of billboards would

not only hide this factory's unsightly front yard but would offer a measure of revenue. It sold a part of its birthright for advertising. Billboards may very effectively conceal an unsightly dump and at the same time offer a constructive, educational appeal, but in the case of this factory how much better it would have been to clean up its unsightly frontage. Remove the barriers and show to all who pass by an industry with its house well in order.

Carelessly written business letters may be the barrier that divides poor business from better, even as an excellent article in a cheap and unattractive wrapping may remain on the shelf until it becomes shopworn and faded. Business cannot afford to hide its light under a bushel or to build fences that hamper its trade. Such a comment is so obvious that it hardly seems necessary but the fact remains that there are many such business enterprises that apparently do not understand why they fail to prosper. More thought

might well be given to the training of salesmen. Personality and sincerity of purpose and ambition are not the only essentials to success in the selling field. None of them can replace a thorough and intimate knowledge of the line.

In the pioneer days of the open ranges, fences were few and hardly necessary. Natural barriers, a river or a mountain range, were frequently the dividing lines. As the country became settled finer distinctions were necessary and the wire fence made its appearance. Bitter feuds many times resulted from the fencing of the land and it has long provided a wealth of material for thrilling stories of the great West.

There are economic fences that have caused far greater distress in the world than those of wire or stone. Extravagance in national and state and municipal spending has thrown a burden of taxation upon industry that is akin to a great wall, not insurmountable but nevertheless high enough to throw a disconcerting shadow. As a business enterprise matures and with the passing of the generations becomes far removed from the influences of its founders, frequently it becomes profligate with its resources. The ideals and ethics that surrounded its early days, that fenced it in and clearly defined its task and purpose in the business world, may be sadly in need of repair.

We encounter fences in every phase of life, but particularly in business. Each passing legislature or congress creates some new ones. Some are untried and prove to be phantom barriers but to an increasing degree their multiplicity suggests the criss-cross entanglements of a no man's land. No group is perhaps more conscious of these conditions than are purchasing agents. Laws, rules, and regulations encompass them. Contracts are more than just simple documents. Penalty clauses appear and the provisos that we encounter suggest that the seller fears the possibility of a green-eyed monster.

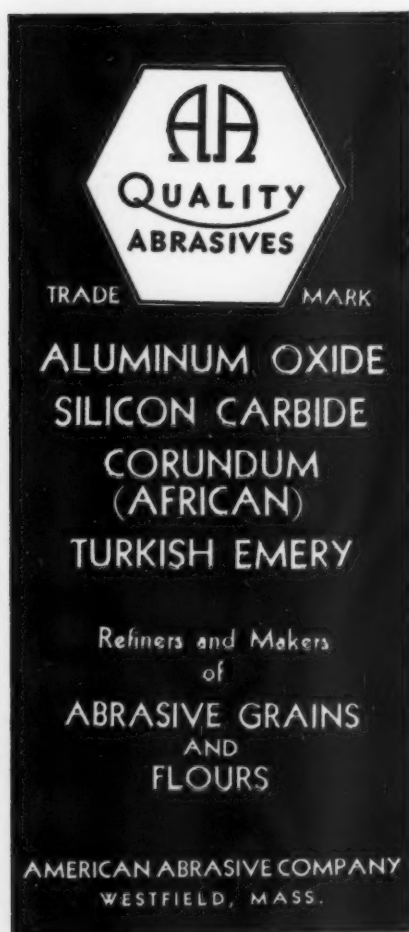
Fences may be excellent guides as any motorist will testify. What is more welcome in unfamiliar country

than the white posts that outline the main highway? But there are rambling fences that seem to browse aimlessly up hill and down dale and we wonder who placed them there and what purpose they serve. Every buyer is importuned many times each day to purchase this or that. We evidence interest reluctantly for we are searching for the familiar guideposts that indicate quality and reliability. Frequently the path to understanding becomes difficult to follow for we are led hither and yon or in a circuitous route to nowhere and so in disgust the offering is rejected.

Fences may easily become catchalls. The tumbleweed of the plains country finds lodgement against it. Driving seeds are halted at its base, the weeds around it grow rank, poisonous vines entwine its posts or form a lattice work over it. There is just one way to avert this and that is to keep it trimmed, not just occasionally but with some regularity.

It is so easy for the man in business to let his fences grow up. He becomes enmeshed in routine, the hobgoblin of precedent is in hiding there and the thorn bushes of indecision keep holding him back. Strange, isn't it, that old familiar saying about the grass in the field just beyond always being greener and more luscious? It is largely our own imagination, of course, but the trouble is we are content with impressions. We enthuse over some report when a closer view or a more careful analysis may disillusion us. It is like a false impression of values. We are disposed, for instance, to measure success by accumulation. The measure is false, for the true measure is appreciation.

Fences offer an analogy with so many things. Some of them may even possess that quite human trait of cantankerousness, at least it would appear so when we try to repair them. As we fence in our lives, our habits, or our business, most important of all is to remember that such barriers as we may unconsciously or purposely erect may shut us out from far more important things than they enclose.



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Analysis of the ROBINSON-PATMAN Act

GEORGE A. RENARD

Executive Secretary
National Association of Purchasing Agents

MUCH OF THE hubbub over the Robinson-Patman legislation results from our natural suspicion of any new governmental interference, plus the dozens of interpretations of this law, its effects and its legality, by the politicians in both government and business. The Supreme Court decisions of the past few years compel us to question not only the wisdom but the authority of our legislative agencies. Purchasing experience during that same period has found legislation at times used as a club or excuse for the program of some business group. In this situation, the Robinson-Patman Act is fine material for debate and controversy when business men get together.

Volumes have been written about the implications of this legislation and the possible definitions for such terms as "due allowance" and "proportionately equal." Many of the implications will be found to develop out of evasion rather than compliance, and without going into legal technicalities, we can surely interpret the regulations and their application to sales or purchasing policies so as to make due allowance that the chances of going to jail are not proportionately equal with the chances of obeying the law. We should certainly have enough nerve to look at it instead of fearing what the other fellow tells us is in it.

Competition and Control

The basic policy of our capitalistic profit economy is competition; the full authority of our government and courts is supposed to promote

and protect competition, and to prohibit collusion, restraint or monopoly that tends to destroy, injure or restrict competition. That was true of our common law before we had any anti-trust legislation, and it remains true down to and including today's Act.

There is a real distinction, however, between competition and competitive practices. The latter may be good, bad, or indifferent. Fifty years ago it was realized that some competitive practices were destroying competition, and we began the development of anti-trust legislation, firmly and definitely opposed to any collusion or restraint that results in uniformity of prices and limits legitimate competition.

When the Robinson-Patman extension of such legislation was adopted, we had three anti-trust laws for the protection of competition in general commerce. The *Sherman Act*, in very general terms, prohibited undue restraint of trade and offensive monopoly. The *Federal Trade Commission Act* placed a blanket prohibition on all unfair methods of competition in interstate commerce that may tend to restrain trade or create a monopoly. The third important anti-trust law was the *Clayton Act*, which became a little more definite. It defined two unlawful competitive practices—(1) price discrimination, and (2) exclusive contracts or leases that prohibit the use of competitive products—and ordered their prohibition by the F. T. C. and the Department of Justice.

The first of these unlawful prac-

tices was defined and prohibited by Section 2 of the Clayton Act as the practice of making a price discrimination between purchasers where the effect is to substantially lessen competition or tend to create a monopoly in any line of commerce. Notice that it is injury to our competitive system of business that is prohibited in all these anti-trust regulations.

The Clayton Act expressly exempted and therefore approved price discrimination based on a difference in grade, quality or quantity, or on a difference in the cost of selling or transportation, or when made in good faith to meet competition. It also expressly approved the right of a seller to select his customers, so there was no attempt to compel anyone to sell on equal terms to all persons who wish to buy.

A large part of the Robinson-Patman Act is an amendment to Section 2 of the Clayton Act, a further definition of unlawful price discrimination.

The Original Bill

The original Patman Bill proposed to create by law a wholesaler's differential. Probably its most important provision was to set up customer classifications as distinguished from quantity differentials, as a legitimate basis for discrimination in prices. It did not include the idea of making buyer and seller both responsible for injurious discrimination, neither did it extend the prohibition on discrimination to the injury of competitors. Wholesalers and retailers are buy-

ers, and they were surely interested in injuring certain competitors. That is why they sponsored the Patman legislation. A Wholesale Grocers' Association has repeatedly boasted of their connection with it; so have retail trade groups.

With that sponsorship and purpose, it is natural for the law to be written in terms of the price structures, trade customs, and distribution practices of the consumer goods industries. They seem strange and confusing to most of us who have never dealt in canned foods, cosmetics and drugs. In those products the factor of quality does not enter into a determination of value; sales are based solely on price, terms and service. In them, the factors of quality and dependability, two of our most important dimensions of purchasing value in the industrial field, are eliminated by the use of brands and trademarks that have a wide consumer acceptance through advertising and sales promotion. That accounts for the use in this law of such terms as "distress sales," "seasonal goods," "brokerage" and "advertising allowances."

A number of other bills were introduced in Congress to extend or amend the anti-trust laws. They fall under four general headings—price discrimination bills, basing point bills, bills to increase the powers of the F. T. C., and bills to

license all corporations engaged in interstate commerce.

The Robinson-Patman Act is a compromise, and includes parts of several of these proposals. Instead of the one short paragraph that was Section 2 of the Clayton Act, we have substituted six sections. The first five are the Patman proposal with additions and compromises from other House and Senate bills, but there was one notable elimination—the wholesale differential got lost in the shuffle.

Section 3, however, is the Borah-Van Nuys Bill, practically without change, and the legislative sleight of hand that compromised numerous proposals into one bill and then tacked on an entirely different bill is responsible for much of the controversy over interpretations, for the Borah-Van Nuys section, although generally intended to serve the same purpose, is in at least partial conflict with the other sections.

F. T. C. Powers

The Federal Trade Commission Act gave to the F. T. C. the remarkably broad power of preventing any and all unfair methods of competition in interstate commerce, so no additional authority could be given to them unless additional competitive practices were declared unfair. The F. T. C. recently completed the investigation of a tire contract between Goodyear and Sears Roebuck, and ordered its discontinuance as a discriminatory restraint of trade that was injurious to competition. Since that was done prior to the passage of the Robinson-Patman Act, it is possible that an active prosecution of unfair trade practices under the authority of the earlier Act would reach any unfair practices that can be eliminated under the new legislation.

The real limitation on F. T. C. powers was and is its status as an investigating agency without enforcement powers. It must use the enforcement authority of the courts, and the courts have on several occasions refused to enforce the Commission's orders; consequently, it must proceed cautiously.

For many years some of our trade

associations have insisted that the anti-trust laws are too rigid, and have advocated the protection of competitors as well as, or instead of, protection for competition. Their program would have competitors cooperate in the stabilization of prices, etc. Trade groups have spent millions in furthering that idea, though it is diametrically opposed to our established policy and laws. It was Gen. Johnson's theme song in the development of NRA, and became the basic policy for the codes. Of course that theory must be based on the idea that competition was satisfactory only so long as expanding production and distribution could be digested by a rapidly expanding population and rising standards of living, but that the era for expansion through competition is at an end, that our capacity to produce far exceeds our capacity to consume, and that competition must now feed on competitors. Proponents of this view would freeze the situation as it is, and protect competitors by assuring all a profitable price. They believe, or profess to believe, there will be no further opportunity to expand through the operation of competition in efficiency and economy.

That idea of protection for competitors as well as for the public interest in competition, is included in both the Robinson-Patman and the Borah-Van Nuys sections of this legislation.

Changes in the Law

Now for an attempted analysis of the important sections. Remember that discrimination means more than difference; it is difference plus advantage and penalty, difference that gives an advantage to one at the expense or injury of another.

Section 2 of the Clayton Act, as it now stands, presents the changes that have been made in the F. T. C. authority to regulate price differentials so as to prevent unlawful discrimination. Section 2(a) makes two decided changes, and adds an important new factor. By analysis we can show the relation between them and get their real meaning.

The old Section 2 made discrimi-



nation unlawful where its effect "may be to substantially lessen competition or tend to create a monopoly." The amendment adds: "or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination or with customers of either of them."

Under the old law, the prohibition was on injury to competition, the public interest in competitive conditions that result in efficiency and economy in production and distribution. The new law brings an injury to a competitor within its scope. Note that it is still the injury to others that is prohibited, not the discrimination through different prices. You can injure a competitor without destroying competition. By substituting one store for another the competitive situation may be retained but a competitor is eliminated. Retail merchants have frequently been replaced by the outlets of mass distributors, but the replacement of factories in that way is not a usual occurrence. Right there we have the key to the intention of our lawmakers—merchandise distribution.

That additional clause certainly broadens the application of the Act in some fields. Although very largely applicable to the distribution field, and intended to protect the small merchant, it does accept the contention of many of our important trade associations that competitors as well as competition require protection by law. But note this also—that the competitors are protected as competitive buyers, not competitive sellers, and it is injury to competitive buyers that is made an unlawful discrimination.

The second important factor in the controversy over the meaning of the new law may be confusing because protection of wholesalers was originally a part of it, and the elimination of that feature left the two ends with no middle. The old law made it unlawful "Either directly or indirectly to discriminate in price between different purchasers of commodities" under certain conditions. The old law also said, "Nothing herein contained shall

prevent discrimination in price on account of the differences in grade, quality or quantity of the commodity sold, or that makes due allowance for differences in the cost of selling or transportation."

The Robinson-Patman amendment adds to that first sentence four words taken from the second. That creates a tricky statement by confusing the exemption that was allowed for differences in grade, quality or quantity. It now reads: "It shall be unlawful either directly or indirectly to discriminate between purchasers of commodities of like grade or quality" under certain conditions. That, I believe, limits the application again—limits it very definitely to identical specifications of grade and quality, largely to merchandise on which brands or trademarks substitute for any measure of quality in determining value—foods, drugs, etc.

The tricky wording comes in the exemption. The new law reads: "*Nothing here contained shall prevent differentials which make only due allowance for differences in the cost of manufacture, sale or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered.*"

Uniform Production Costs

Confusing—but not if we analyze the background and intention. Distribution experts say this statement carries out the belief in retail circles that a price is made up of two separate factors, (1) cost of production and (2) cost of packaging, sale and distribution, and that the first cost factor is ordinarily uniform on the product regardless of the size of the orders in which it is sold.

That idea sounds cockeyed to industrial buyers, for we deal in materials manufactured on order with costs of production constantly changing due to differences in quantity, quality, percentage of capacity in operation and other factors. It's not so cuckoo in other fields. The crop of peas or tomatoes is ordinarily canned without regard to the size of orders. The toothpaste or lipstick or shoe polish is mixed in

the most economical quantity for production. Production cost sentence doesn't ordinarily vary because of the size of the orders in which it is distributed. (When cost does vary due to the methods or quantities in which it is sold or delivered, you will notice that even manufacturing cost differentials are permitted.)

Such merchandise is produced and warehoused in large quantities. Its sale to a distributor may be a mechanical step that merely moves it from one warehouse to another. Its goal is the consumer, and the production cost is insignificant compared to the distributing cost, including advertising and sales promotion to secure consumer acceptance and demand. Rudy Vallee, Bing Crosby and Gracie Allen are selling that kind of merchandise. So are Amos and Andy, and that's distribution expense paid directly by the manufacturer to secure consumer acceptance. The distributor may also assist the manufacturer in selling the consumer, and the Robinson-Patman amendment recognizes the value of that assistance, permitting differentials that make a proper and justifiable allowance for it.

The new regulation carries out the theory that the size of an order alone (on this merchandise of like grade and quality) should not secure price differentials, but it recognizes that different methods or quantities in the sale or delivery of the product



may result in savings in sales, delivery, or even in production costs. And differentials that make allowance for such savings are not discriminatory; they are permitted because they are justifiable. Thus 100 cases of soap delivered to 20 different stores of one owner should not receive a discriminatory differential over the fellow who makes a 5 case purchase. But if the 20 or 100 or 15,000 stores operated by a single owner should develop new or more economical or productive distribution practices, either in physical cost or through promotional services of value to the manufacturer in moving his products into the hands of the consumer, then the manufacturer can and should allow that distributor the resulting savings in production, sales or distribution costs. That is not an unreasonable regulation.

The differentials are prohibited only when they are discriminatory and not justifiable. The whole intention is to prevent their false use to allow discriminatory price concessions that injure others. Confirmation of that interpretation of the law and the intention of the lawmakers is found in sections (c), (d) and (e). These make it unlawful to pay or receive any commission, brokerage or other compensation or allowance except for services actually rendered, or for the seller to pay such a fee to an agent of the buyer; to make any such allowance unless it is available to all competing customers on proportionately equal terms; to furnish or contribute to the cost of any such services or facilities, except on the basis of proportionately equal terms accorded to all customers. They tie in to the preceding portion in their application to merchandise transactions in the distribution field.

Buyer's Liability

Section 2(f) makes it unlawful for any person to knowingly induce or receive a discrimination prohibited by the preceding sections. That of course makes the buyer responsible when he knowingly participates in such a transaction. *Knowingly* has about the same meaning here as

intention. The buyer is guilty when he participates in an illegal discrimination because he is willing to intentionally injure a competitor, or competition. I think he should be.

He can be held responsible (and that makes him liable for triple damages) only if he has knowledge, so the old adage that a little knowledge is a dangerous thing may hold true. One large merchandise buyer intends to be on record that he has no such knowledge, by including in his purchase contracts a protective clause providing that the manufacturer "averts his willingness to make the same agreement with any other purchaser similarly situated and on proportionately equal terms."

Let's go back to Section 2(a). The F. T. C. is authorized here to fix the maximum quantity on which price differentials may be granted.



This added authority may be exercised only after an investigation in which all parties interested have an opportunity to be heard, and then only upon finding that the available buyers for greater quantities than the maximum they fix are so few as to make any further differentials for quantity unjustly discriminative or promotive of monopoly. Notice that is the same as the old Clayton Act restriction and that the limitation is on quantity differentials only. With the exception that the

quantity limits may be fixed in advance, I can see no extension of F. T. C. authority here. Isn't it exactly what was done to the Good-year-Sears Roebuck tire contract before the Robinson-Patman Act was passed? And doesn't this section definitely recognize and approve legitimate quantity differentials?

The New Anti-Trust Law

The Borah-Van Nuys portion of the new law—Section 3—writes a penal section into the anti-trust laws. It is an addition rather than an amendment. The F. T. C. is not charged with the enforcement of this section. Prosecution can take place in any court having jurisdiction, and can be handled by the local prosecuting authorities.

This section makes three specific types of intentionally harmful discrimination punishable by fine or imprisonment. Again, the discrimination that is made unlawful applies almost exclusively to the merchandise field, as it covers the sale of goods of like grade, quality or quantity.

1. To be a party to any transaction which discriminates to his knowledge against competitors of the purchaser on a sale of like grade, quality or quantity.

2. To sell goods in one part of the U. S. at a lower price than in another for the purpose of destroying competition or eliminating a competitor.

3. To sell at unreasonably low prices for the purpose of destroying competition or eliminating a competitor.

There again we make injury to a competitor unlawful, as well as injury to competition. The discriminations must be made knowingly or for the purpose of injury, which means intentional. This and Section 2(f), which makes the buyer responsible, are a continuance of the effort to bring personal responsibility and liability back into business transactions. That's another story. But when the individual owner or partnership was succeeded by the corporation, much of the

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SILHOUETTE STUDIES

7: Thomas Addison Clohosey

A SALESMAN ON his maiden visit to the plant of the Westinghouse Lamp Company at Bloomfield, N. J., sat in the purchasing agent's office making an impassioned appeal for business. Midway in his rapid-fire presentation he attempted to address his prospect by name, hesitated, faltered:

"Er, I've forgotten your name for the moment," he said.

"No, you haven't," said T. Addison Clohosey. "You don't know it." And with a tiny grin on his lips he gravely extended his business card.

One rapid glance and the salesman recovered his poise. "Oh, yes. Mr. Clossey," he pronounced, and resumed his speech. But Clohosey, nonplussed, stopped him.

"How did you know the proper pronunciation of my name?" he asked. "You're the second man in my experience who got it right at the first attempt."

The salesman, it developed, was something of a genealogist. He told Clohosey a lot concerning his name, including the fact that it derived from the Norman conquerors of Britain.

To Clohosey it was an interesting incident. He gets considerable fun out of the varied and various forms in which he is personally addressed, and he is not sensitive in the slightest degree on that point. In fact, he seems to attach little stress to the balance of his name. He relinquished Thomas because, as a family name, it identified several of the Clohosey clan and hence caused confusion when they foregathered. In his family circle he responds to Addison, but he uses merely the initial of that name in his business signature. To most of his intimates, he is just "Clos."

BORN IN New York City, October 1, 1879, Clohosey began his business career after completing

grade school. His early jobs were not soft—he worked at a bench in a paper manufactory and in the shop at a box-board plant, and then became a mixer of sorts in a milling concern at Jersey City. In those days the neighborhood of the plant was tough, and so were the handlers and dock crews who took occasional orders from young Clohosey. But he won their complete respect, as evidenced between the lines of incidents which he occasionally narrates when harking back to those days. That youthful achievement of inspiring respect, and loyalty in all serving under him is still one of his outstanding characteristics.

Working by days, continuing his education at evening high school classes, Clohosey got his real start in the business world in 1901. In the beginning it was a relatively small job, in the receiving department of Sawyer-Mann Electric Company, manufacturers of electric lamps. Soon he was transferred to the stores department, and in 1907, when the name of the concern was changed to Westinghouse Lamp Company, he headed both stores and receiving departments.

The following year the company transferred manufacturing operations to Bloomfield, N. J., and he went to the plant as the acting purchasing agent and general storekeeper. In a few months the qualification in the title was removed by his official appointment as purchasing agent. He has retained the title ever since. His supervision now includes not only purchasing for the company's three plants but the stores and transportation departments as well.

CLOHOSEY IS a big buyer, a careful buyer, and enjoys the reputation in sales circles of being a just buyer. He makes a point of knowing not only the plants and facilities but the men with whom he has

important dealings. As a result he is rarely stampeded into buying against his own judgment because of market scares or rumors.

As an illustration, some years ago the price of bituminous coal skyrocketed from the impetus of demand created by a British strike. Contracts were widely repudiated and buyers rushed headlong into the spot market to buy and store large piles of coal. To Clohosey came a recommendation, virtually a command, from the company management to follow a similar course.

Calmly he went to the executive office and suggested that in his opinion the recommendation was unnecessary and somewhat of a reflection on his own ability and judgment. The contracts he had entered into for coal were valid and would be fulfilled, he declared. There was no need to waste company funds in exorbitant prices for spot supplies.

He won his point, but with the solemn proviso that if operations at any of the company's plants were handicapped by lack of fuel, his job would cease on that day. He stayed out of the frantic spot market and, as this study indicates, kept his job.

Clohosey supervises the purchasing not only for the company's plants but for its district offices throughout the country. He believes firmly that a purchasing department should carry out the function implied in that title, and on this point he is supported by his company's policy requiring all purchases to go through his department. Yet he is equally a believer in full co-operation between different departments of an organization, and he holds that a purchasing agent should command, rather than demand, respect for the prerogatives of his office.

His own status with other divisional executives was demonstrated when the company's Joint Conference Committee Plan was inaugu-

rated to further management-employee relations. Briefly, the plan provides for a number of committees, representing all departments and interests in the plant, graduating in authority to a Joint Executive Committee. On the first executive committee Clohosey served as chairman.

IN ASSOCIATION activities Clohosey is one of the few genuine pioneers still engaged in purchasing. He participated in the first organization meeting N.A.P.A. in 1912. The organization did not go through, mainly because of steam-roller tactics in attempting to put through a constitution, and the ensuing dispute arrested the movement for a couple of years. In 1914 a successful organization meeting created the Purchasing Agents' Association of New York, serving as the foundation for the present national association. The same steam-roller prevailed at that meeting, nevertheless, and squelched nominations for officers presented by a committee on which Clohosey served. Most of the group with which he was allied thereupon refused to join the association. He joined, in the belief that the association in principle was sound and that he could contribute to its betterment more effectively from within than without.

His judgment and determination on this point were speedily justified. He was the second president of the Purchasing Agents' Association of New York, holding that office at the time of the first convention—and the practical beginning—of the N.A.P.A., at New York City in 1915. From the start he was active and vigorous in national affairs, and in 1922 he was elected president of the national organization.

IN THAT OFFICE he was far from a figurehead. The association had attained to the point where it could begin a campaign of sound and practical objectives, if the necessary funds were provided. On the existing scale of annual dues—five dollars a member—there was little opportunity for anything but membership promotion. Clohosey proposed an increase to ten dollars a year, and

thus provoked a storm of opposition.

Officially, Clohosey presented his proposal to the board of directors—two representatives of each local association—at a meeting preceding the opening of the annual convention at Cleveland, in 1923. He faced a hostile audience, many of whom were instructed to vote against the increase. But he had made a thorough study of the subject, aided by many who reinforced his own convictions, and had compiled a report showing why the additional income was needed, how it should be expended, and the impossibility of sound progress if the plan were not adopted. In the half-hour of that presentation the sentiment of the meeting changed. Many directors clamored for a copy of the report to justify their decision to vote against instructions, others rushed to telegraph for official authority to support their own change of mind.

That was merely victory in an initial skirmish, however. The real battle transpired at the opening session of the convention, where the resolution for increased dues, favorably reported by the directors, was introduced. On the platform sat the two scheduled speakers, an American industrialist and a Canadian economist. Clohosey kept them waiting while he presided over discussion on what he considered to be the most important topic of the convention. It was a bitter and protracted battle. Gradually Clohosey won the meeting over, just as he had done the night before, and the convention voted the resolution.

Then Clohosey introduced the first speaker—Harvey Firestone—and before he responded that eminent manufacturer whispered brief congratulations to Clohosey on his major work of the morning. They were deserved congratulations, for in subordinating the scheduled program to an important issue, Clohosey risked—and later experienced—criticism on the ground of rudeness to invited speakers. But he wasn't rude. He was confronted with a problem requiring careful judgment. Then or not at all his program had to be put over. His judgment was sound, for the speeches of that day

are forgotten, but the action of the convention is lasting in the subsequent association achievements.

Outside of his profession, Clohosey's major interest in organization lies in the field of building and loan service. As a young man, with family responsibilities, he was impressed with this plan and took an active part in forming an institution in his community. He was elected treasurer and has retained that office for twenty-five years.

HIS DOMINANT interest is his family. He and Mrs. Clohosey have achieved the pride and happiness of rearing splendid sons and daughters who combine self-reliance with true family spirit. It's a grown-up family now. Tom, the eldest, is a member of the New Jersey Bar and achieving political prominence in his county. Addison is headed for the law, too, after preliminary experience in commercial credit work. Catherine and Helen are happily married; Lorna, finishing her education with a trip to France this year, has now started a secretarial career in business; and Elizabeth is in high school. And then there are the grandchildren, Catherine's two girls and two boys, to complete the picture of a fine American family.

On September 23rd Clohosey completed thirty-five years of service with his company. On that evening he was the guest of honor at a testimonial dinner planned and arranged entirely by members of his department. On the souvenir menu, the staff announced that it gathered to "pay tribute and respect" to the chief on his service anniversary. But they gave more than that, more than the handsome watch inscribed with his name and record. They gave a demonstration of the affection which can be inspired by one who knows how to lead those under his charge, even in business.

One page of the menu carried a number of aphorisms which Clohosey repeats on occasion. For example: "Every day is a nice day." That fits well in his philosophy and expresses what life means to him.

—L. F. B.



"Listen, Toots, which of these buttons should I take off in order to make the right impression on your P.A.?"

Buying for the "Lindbergh Line"

*A highly diversified supply list
characterizes this purchasing job*

FRED L. HATTOOM

COTTER keys as small as $\frac{1}{32}$ of an inch, or airplanes weighing six tons—that gives some idea of the range of material which come within the province of Fred Betts, Purchasing Agent for Transcontinental & Western Air, Inc., at Kansas City, who is accredited with having one of the most interesting positions in the field of purchasing.

Did I say interesting? Well, it's all of that and then some. There's no element of monotony in this business of purchasing for a transcontinental airline, which requires a knowledge of markets and values of flower pots for cactus plants, uniforms for pilots and air hostesses, trainloads of gasoline for skyliners, and playing cards for passengers' entertainment, to mention but a few of the items that are on the regular supply list.

More than 25,000 different items are bought by Mr. Betts to supply the needs of his company. Other purchasing agents can probably match that figure from the purely numerical standpoint, but when it comes to the variety of products involved the position can best be compared to that of a large department store. And when it is reflected that the merchandise for department stores is generally procured through specialized buying experts for each department, there is a new appreciation of the responsibility and the extended knowledge required in this position. Requisitions come to Mr. Betts from all offices and airports of the company, extending in a chain from New York to California. He buys

a sand grader for the company's airport on the desert at Winslow, Arizona, and his next assignment may be the purchase of a complete set of new chrome steel furniture for the ticket office on 42nd Street in New York City.

Centralized Control

Five years ago, when TWA established its base at Kansas City and reorganized its purchasing department as it is successfully operated today, one serious problem presented itself in the fact that no extensive air transport purchasing had previously been done in the city. In the case of many needed items, supplies were not available locally. Requests for materials, parts, and miscellaneous supplies needed by the company had to be referred to manufacturers and jobbers in other parts of the country until such time as local firms could supply the material. At the instance of the purchasing department, local suppliers began to stock supplies to accommodate the new business, and before very long a number of manufacturing concerns in the vicinity equipped their plants for the making of articles required by the large company that had set up its buying headquarters in their midst. As a result, several Kansas City firms have become known throughout the country as aircraft specialty manufacturers and do a national business from this base.

Everything that is bought by TWA is purchased through the purchasing department in Kansas City. This central department sup-



FRED BETTS

An experienced aviator and purchasing agent for a great air line

plies the needs of the company's entire transcontinental system. This concentration of purchases has been found most efficient from an administrative standpoint, and is benefited by the trained professional knowledge regarding all items needed, and their relative values, which is available through the development of the one central office.

An inspection counter at the headquarters base permits a minute inspection of all materials received and of their condition before they are stocked for issuance on requisition. Overstocking is avoided by central control. A perpetual inventory of all materials on hand is kept by the Kardex system. Minimum quantities have been established for each item in regular use, and re-orders are placed when these minimums are reached.

This centralization is made prac-

tical by the company's own transportation facilities. From the standpoint of distribution, an article needed in Los Angeles is supplied to that base the same day the requisition is received. This service, in most cases, is as swift as an attempt to purchase locally.

Similarly, while all the materials are not even now available locally, manufacturers and jobbers in other parts of the country can make delivery to the nearest TWA airport, and from this point materials are dispatched by the company's own skyliners to Kansas City.

Stores

The main stores department at Kansas City carries on hand a sizable volume of materials and stock that are used most frequently. Each field on the system has a smaller stock of supplies that is used

by that station in its regular course of operations and upkeep.

At Newark and Los Angeles, a larger stock is kept on hand to justify the requirements of these service and maintenance points. Maintenance facilities at these two stations are second only to the equipment and activity at the main base, located at the geographic center of the line. All major overhaul work is done at the main base. Correspondingly, the stock of parts and materials at these termini is not as large in amount or variety as that maintained at the main store.

Replacement of supplies for the terminal stations, as well as for each of the field stations, is requisitioned from the main stores. A stipulated maximum and minimum amount of each item is established for each station in accordance with normal demand for such materials at the

respective points. The determination of proper quantities to purchase over a period of time is based largely on the indicators furnished by these stores records, which are a true index of the traffic of supplies.

Classification

A breakdown of the departments for which this one office buys, shows the wide diversification of the regularly purchased items.

Under the classification of operations we find all of the company's airplanes, maintenance and shop equipment, engines, tools, radio equipment, and a multiplicity of items in the way of needed parts. All operations personnel are in regulation uniform, and this is another considerable item for the purchasing agent. Administrative offices, passenger stations, ticket offices, and

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WHAT DO YOU PAY for Cobwebs?

**This Costly Item
to Every Plant has been
studied with profit by many
industrial buyers •**

CHANGE...in product, in manufacturing processes, in equipment and accessories... change of any kind is soon reflected by cobwebs on parts and supplies in the plant storeroom. On slow-moving items, too, this costly insignia of obsolescence and depreciation is formed. How expensive it is to industry...why buyers are giving it serious consideration...is shown in many reliable cost studies.

In one authoritative analysis of the cost of maintaining large stocks of slow-moving items, 20 percent of the original price is charged off to depreciation for the first year. For succeeding years, 20 percent of the remaining value is considered lost... eaten away by deterioration, shrinkage, obsolescence and other depreciation causes.

As a result of such studies, hundreds of buyers have sternly limited plant stocks. Through a fuller utilization of the stocks of industrial distributors, and a practice of informing distributors on probable requirements, buyers have found that they can operate with a smaller amount of supplies without sacrificing efficiency or economy. Obviously, the stock that is limited, for the most part, to what is sufficient for current need, will minimize losses from obsolescence and depreciation. •

This is only one of the many ways in which industrial distributors save money, trouble and time. Figure it on a dollars-and-cents basis and you will find that it costs nothing to make fuller use of distributors.

Makers of Jenkins Valves for more than three-score years, we know that Jenkins' customers are served better and more economically through Industrial Distributors than they could be through direct negotiation. Further, we are convinced that Industry can profit by fuller utilization of local Distributors, and in this advertising present some of the sound reasons for this conviction.

Jenkins Bros

**DISTRIBUTORS SERVE
INDUSTRY ECONOMICALLY**

COMPARE!	
BOUGHT DIRECT	BOUGHT FROM DISTRIBUTOR
Price paid for Supplies bought Direct from Mfr. 	Price paid for Supplies bought from Distributor 
Freight, trucking etc. to plant storeroom 	Store-Door Delivery
Increased costs in Purchasing, Labor, Warehousing 	Lower Purchasing, Labor, Warehousing costs 
TOTAL ACTUAL COST of Industrial Supplies bought Direct from Manufacturer 	TOTAL ACTUAL COST of Industrial Supplies bought from local Distributor 

THE MARKET PLACE



*A quick review of the market
noting major developments in
supply, demand and prices of
selected basic commodities*

Supply

Demand

Market

BURLAP

OPERATING SCHEDULES have been increasing steadily since the end of the production agreement last March, and are currently at an all-time high. U. S. stocks, including material afloat, amount to approximately five months supply at present rate of use.

SHIPMENTS ARE now in excess of even the record high rate of production, and are running about 30% ahead of 1935 to date. Trading interest, however, is not acute.

PRICES WERE nominally unchanged during the greater part of September, and continue stable on the Sterling basis though they were revised downward in dollar terms in the closing days of the month on the lower exchange basis.

COAL

BITUMINOUS OUTPUT increased steadily and soundly to a rate of 8½ million tons weekly at the end of September. Production for the year to date is about 34 million tons ahead of 1935, corresponding roughly to the gain in consumption. Industrial inventories have lengthened since spring, but are below the figures of a year ago. Smokeless producers are about 10 days behind in shipments, but this situation is attributed less to any inability to meet requirements than to a desire to maintain balance among the sizes produced.

INDUSTRIAL CONSUMPTION is rising, and is due to advance more rapidly as the seasonal heating load becomes effective. Continued high activity in steel is a strong supporting factor, and increased requirements in railroad and utility fields are taking up the tapering Lake demand. Lake shipments have been in the greatest volume since 1929, and the Cincinnati gateway also shows a sharp increase over last year. There is some tendency to increase stocks against the possibility of transportation difficulties later on.

PRICES OF ANTHRACITE and domestic coke were seasonally advanced on October 1st by 10 to 20 cents per ton. Steam coal prices eased slightly in the closing week of September but are still close to the year's high. Otherwise the list was unchanged, and the general market tone is firm.

COPPER

WORLD STOCKS of copper were reduced 26,740 tons in August to 405,580 tons, the lowest in many years and just about half of the total at the end of 1932. U. S. stocks were down 12,960 tons to 205,740. This represents less than three months supply at current rates, and as this is approximately the time required for taking the metal from the ground and putting it into merchantable form, 4th quarter supplies are tight, but not dangerously so. Foreign production quotas were raised another 5% on October 1st, and U. S. production is also expanding.



DOMESTIC CONSUMPTION of copper in August was 64,140 tons and is estimated at about 75,000 tons for September. Sales last month amounted to 40,769 tons, chiefly for delivery in December, when stocks are normally kept low for inventory purposes. It was reported that at least one large order for December was turned down by a producer, but the pressure for forward delivery was not excessive and there seems little disposition to speculate on the limited 4th quarter supply.

THE DOMESTIC COPPER price was firm at 9¾ cents throughout September. Foreign prices advanced sharply and were close to the 10 cent level at mid-month, but later receded to approximately the domestic scale, ranging slightly higher. On September 10th, brass products were advanced ¼ cent, the adjustment being attributed to wage increases rather than to the stronger copper market. At the same time the discounts on extras were narrowed from 50% to 40% and from 40% to 33⅓%.

COTTON

REVISED CROP estimates are at 11,121,000 bales; carryover of American staple also down, to 6,962,000 bales. World production is calculated as 26,262,000 and carryover at 13,073,000 bales.

WORLD USE OF cotton is at an all-time high. U. S. mills are operating at a high rate, which will be sustained well into 1937 with the largest backlog of unfilled orders in years.

COTTON PRICES moved into higher ground and are holding well above the 12 cent level. Cloth prices are strong and advancing, with many of the 1937 quotations withdrawn.

Supply

IRON and STEEL

FOLLOWING THE best August production rate recorded in six years, steel operations continued to mount in September. At 74.4 in the third week, representing about 165,000 tons, a new peak for the year was established, the best figure on record since February, 1930. In the closing week, the rate went on to 75.4. Tin plate, at 90%, was the most active branch, the Youngstown district was the most active producing center, and small producers shared in the general advance. Deliveries of sheets are now six weeks behind and warehouse stocks, heretofore chiefly concentrating on the lighter products, are assuming new importance.

LUMBER

LUMBER PRODUCTION continued at about 70% of 1929 averages, in both hardwoods and softwoods. Retail stocks are reported as somewhat lower, and there is a tendency on the part of users to lengthen inventories against the possibility of a maritime strike on the West Coast.

NAVAL STORES

RECEIPTS ARE seasonally tapering off. Warehouse stocks of rosin have been cut down by about 150,000 barrels during the year, and some 40% of the present holdings are in the government's hands. Consumers' stocks in this country are also estimated as being down by 50,000 to 100,000 barrels. Turpentine supplies are still heavy, with a government interest of about 50% in spite of some liquidation in September. London stocks of turpentine are high, representing nearly five months' supply.

PAPER

ACTIVITY is expanding in virtually all branches of the paper field, with newsprint production particularly strong. Current operations in the latter are close to 20% above last year's rate, and increasing. Pulp production is back to normal after the drought, and supplies are moving steadily into consumption. Tissues are also in good volume, boxboard temporarily slow but with a good outlook for the fourth quarter.

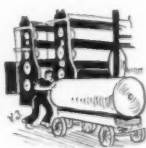
Demand

DEMAND HAS been well diversified. Structural items are fairly active, and automotive production high. Estimates of the season's vegetable pack indicates that tomatoes alone among the principal crops are above last year's volume, corn and peas running about 35% behind. Pig iron demand was notably improved, largely due to the high price of scrap, which came to within a dollar of the basic pig iron quotation instead of the usual \$3 spread.



NEW ORDERS at the mills have been above production in recent weeks, contrary to the usual seasonal trend. Shipments are in better volume and also exceeded production in the last half of the month. Demand generally appears to be improving.

DOMESTIC DEMAND continues routine. There is a fair demand for rosins in the south but the trade generally is not anxious to take a long position. Export trade is in good volume, with particular interest shown by the far East and Italy. Shipments in September ran slightly ahead of receipts.



DEMAND is better sustained than usual at this season. Newspaper circulation and advertising lineage expanding. Tissues, book and cover papers in good demand, bonds and ledgers satisfactory. General outlook optimistic.

Market

PRODUCERS GENERALLY were slow to follow the price advances announced early in the month by Carnegie-Illinois. Wire products, including nails, barbed wire and rods, were reduced \$2 to \$4 per ton on the 11th, cold finished carbon bars up \$2. On the last day of the month the greater part of the loss in wire products was recovered, and hot rolled bars were advanced \$2. Warehouse prices on shapes, plates and sheets were advanced as of October 1st. Pig iron prices were reaffirmed without change for the fourth quarter.

THE PRICE STRUCTURE was notably firmer in September. Hardwoods nominally unchanged. Southern pine, after two months of sagging prices, recovered its earlier levels at 23.07, only 1 1/2% off from the year's high.

ROSIN PRICES continued to advance for the fourth successive month, and at 7.32 1/2 (B grade) are close to the year's high. Turpentine failed to hold the gains made in August, and was selling down to 41 1/4 cents at the end of September. CCC holdings, with carrying charges, now represent a cost of about 20 cents per gallon over the market. General tone is easy.

PRICES GENERALLY firm and holding to schedule. Leading western mills have fallen in line with last month's newsprint schedules announced by the Great Northern, i. e., \$46.00 spot and \$42.50 contract. The higher grades of waste paper are steady, while the lower grades are spotty and weak.

PETROLEUM

PRODUCTION OF crude was sustained at more than 3 million barrels daily, the longest period of such high output on record. Bureau of Mines recommendation for October is 2,842,300 barrels daily average, a reduction of 21,700 from the September recommendation, but 11% more than in 1935. Texas allowable, however, set by the Railroad Commission, has been announced as substantially above that recommendation. National storage is now equivalent to 86 days' supply. Gasoline stocks were further reduced during the month.

THE EMPHASIS of demand is now seasonably shifting from motor fuel to heating oils. Demand has been deferred this year and the outlook is still uncertain, and will of course depend largely on the severity of weather conditions, but potentially both the domestic and industrial load should be substantially heavier than a year ago on account of wider use.

AT MID-MONTH Corning and Michigan crudes were reduced by 10 cents, Pennsylvania and Mid-continent unchanged. Gasoline prices eased off during the month from $6\frac{3}{4}$ -7 to $6\frac{5}{8}$ - $6\frac{3}{4}$ per gallon, tank car price. Kerosene prices were also shaded. Bunker oil held the August advance. In domestic fuel oil, the top prices were slashed, but otherwise there was no change in going quotations.

RUBBER

WORLD STOCKS of rubber have been reduced about 150,000 tons in the year. It is now estimated that 830,000 tons will be shipped during 1936 and that the carryover will amount to 500,000 tons. U. S. stocks are down about 105,000 tons, with every month for more than a year past showing consumption in excess of shipments to this country. September 1 stocks in U. S. amounted to 229,056 tons, plus 63,597 tons afloat. This is better than five months' supply, whereas three to four months is considered ample. There is no change in quotas for the fourth quarter.

U. S. CONSUMPTION of rubber in August fell off slightly to 46,657, still 20% above 1935. For the first eight months the cumulative total is 377,754 tons, up 15%. World consumption for the year is now estimated at 980,000 tons, up 5%. Trading was quiet; factory buying was a little better, chiefly on price recessions.

RUBBER PRICES fluctuated in a narrow range for the greater part of the month, and gradually worked up about $\frac{1}{4}\epsilon$. In the closing days there was a sharp drop due to the change in the guilder. Export duty on native rubber in Netherlands East Indies was advanced to 37 guilders per 100 kg. on September 23rd, and to 47 guilders on October 1st. The latter rate, amounting to about 12 cents per pound, is really confiscatory, leaving the producer only $1\frac{1}{2}$ to 2 cents per pound.

TIN

TIN STOCKS AT the end of September were 16,896 tons, down 1,708 tons during the month to the lowest figure since last January. Spot offerings at London and in the Far East were scarce, carryover in Holland relatively high. September deliveries to U. S. amounted to 6,200 tons, with 7,483 tons afloat and a visible supply of 10,343 tons in this country at the month's end. Fourth quarter production quotas have been reaffirmed at 90%.

DEMAND WAS mostly in the nature of professional trading, with consumers on the sidelines waiting for a recession. There was some speculative interest about the time of the International Committee meeting, and the heaviest day's sales recorded in months coincided with the highest price quotation since last May.

TIN PRICES were sluggish around $43\frac{5}{8}$ cents at the opening of the month. A bull movement in the second week carried quotations up $1\frac{1}{2}$ cents, half of which gain was subsequently lost. At mid-month a second bull movement carried on to $46\frac{1}{8}$ cents, a five-month high, and this level was fairly well sustained for about a week before dropping down one cent to $45\frac{1}{8}$. Net gain for the month about $1\frac{1}{2}$ cents.

ZINC

ORE PRODUCTION was the best in months, reaching a rate of 8,500 tons in the closing week of September. Surplus stocks were also substantially reduced and are now 10,000 tons under the year's high. Stocks of slab zinc are also down. Smelters are active.

ZINC SALES are following the pattern of the copper market—occasional heavy buying waves followed by sluggish weeks. The big demand, a 31,784 ton week, came early in the month. Following this, sales were slow but shipments heavy. Present consumption about 20,000 tons a month. Unfilled orders down about 14% to 52,595 tons.

THE BULK OF the sales in the early September buying movement were made at 4.80, a smaller portion at $4.82\frac{1}{2}$ and 4.85. The latter figure prevailed during the greater part of the month and was firm at the close, but applied to only about one-third of the month's tonnage. Ore prices were advanced 50 cents in early September, and now stand at 30.50 to 31.50.

F. O. B.

(Filosofy of Buying)

ABOUT THAT slogan for the Pittsburgh convention of N.A.P.A., for which we were groping in this column last month, Purchasing Agent C. H. Kissel of Coulds Pumps offers another suggestion based on the familiar and traditional title which sports enthusiasts have fastened upon the baseball teams representing the convention city in the big leagues. His slogan:

PIRATES MEET AT PITTSBURGH

"That one won't appeal to P.A.'s either," he predicts, "but it might appeal to salesmen."

Curious Cuthbert wonders what excuse those irresolute buyers will use for stalling off a salesman after the election uncertainties are settled next month. Why is it considered harder to come right out and say "No" than to think up new reasons to justify avoiding the issue?

LAST MONTH we reported the zoo troubles of city P.A. Dysart of Dallas in getting a proper specimen for Marsalis Park. Now City P.A. Rockwood of Saginaw, Mich., breaks into the news by successfully disposing of fifteen guinea pigs, surplus stock at the Saginaw-Phoenix Zoo, to the Central experimental laboratory at four bits a head. If our recollection of natural history is accurate, guinea pigs would afford an excellent opportunity for inventory appreciation.

"The catalog isn't such a bad sales representative," says the Old Line Buyer. "It doesn't talk back to you, it sticks to its story, and it doesn't try to give the impression that every proposition is a special deal."

UP IN NEW ENGLAND, the associations are all steamed up about centralized purchasing for governmental units, and they are doing a grand job in following up last winter's highly stimulating series of meetings on this theme with another series in which Joe Nicholson takes the subject out of the realm of theory into the fact of successful experience. There are bound to be some very beneficial results, even though it seems to be just about as hard to get business into government as it is to keep the government out of business.

ELSEWHERE IN this issue we are privileged to present an analysis of the Robinson-Patman Act which we commend without reservation as a most lucid and common-sense exposition of that legislation and its probable effects on business, well worth careful reading and study regardless of how many books, articles, pamphlets and assorted statements you may have previously read on this subject. And incidentally, it seems that practically every known economist has felt the urge to issue an explanation, with the notable exception of the Messrs. Robinson and Patman.

No, dear reader, it is not by conscious design but only through the merest coincidence that the cover illustrations of PURCHASING have alternated between the hirsute and the lofty brow. And it just goes to prove that Elbert Hubbard was essaying an impossible task when he sat down to pen his classic definition: "The typical buyer"

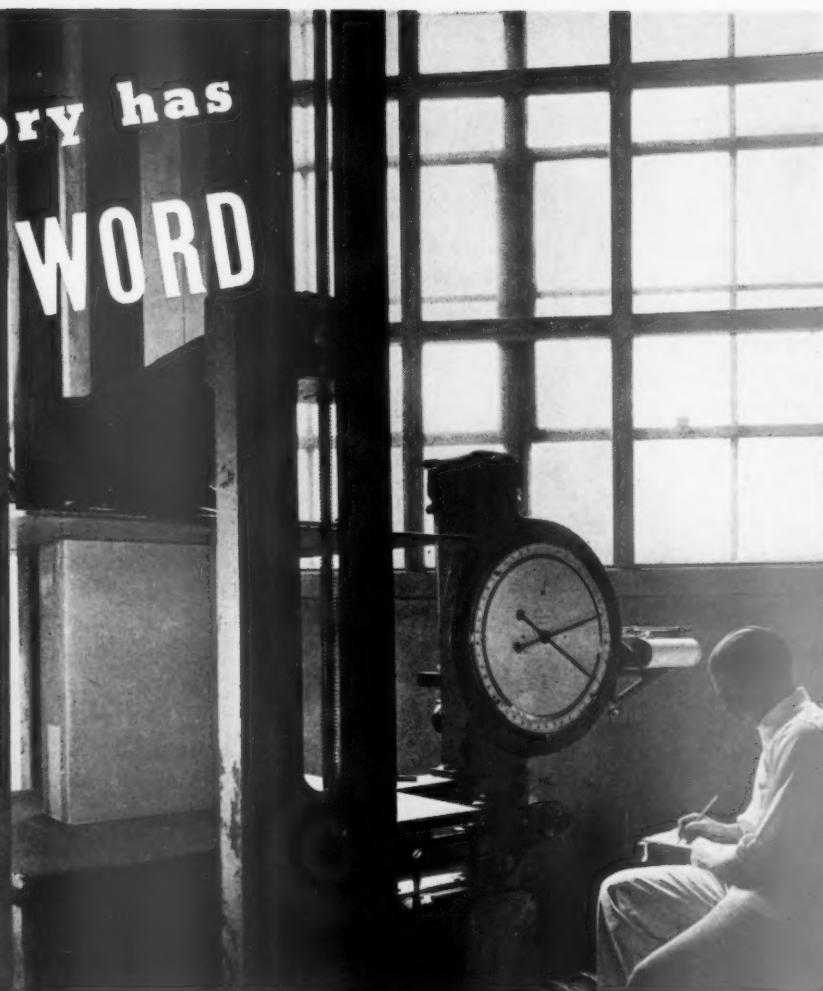
Salesman's Mother Goose

Ride a smart hunch
Take the P.A. to lunch
And then put your story across with a punch.

Ply him with figures,
With facts and with food,
And you'll land the order—perhaps, if you're good.

THE OTHER day a fellow antiquarian showed F.O.B. his latest acquisition, a timepiece dating from the golden age of Connecticut's clockmakers. Not the least interesting feature was the maker's label and instruction sheet, pasted inside the old pine case. They didn't go in for elaborate contract clauses and guarantees in those days, but this craftsman had sufficient confidence in his product to print, in big black capitals, his promise and stipulation: "Warranted if well used." N. B., it still works after ticking off the moments for close to a century, and it keeps respectable time, even though it is necessary to wind up a pair of lead weights every thirty-six hours instead of merely plugging into a convenient electric outlet.

The Laboratory has THE LAST WORD now



• MAKESHIFT, uncontrolled "tests" once passed on the strength and construction qualities of paperboard packaging. Today, in *Concora* mills and plants, the laboratory has the last word . . . always. Laboratory scientists work with accurate instruments to determine the ability of *Concora* shipping containers and folding cartons to do the jobs they are built for, to stand up under the handling they will receive. Tests are definite and sure. Paperboard standards are exact—and materials must measure up.

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EVERYDAY ECONOMICS

The Law of Diminishing Returns

THE CLASSIC example of the economic law of diminishing returns pictures a man suffering from the pangs of extreme hunger. The desert island setting is optional. He comes upon a tree laden with ripe, luscious apples and proceeds to make a meal. He eats the first apple with extreme relish, satisfaction, and relief. Naturally, his hunger is not completely stilled, and he repeats the process with a similar degree of satisfaction. Perhaps half a dozen times he can return to the tree and partake of the fruit with no diminution of this pleasurable effect. But the seventh apple will have lost some of its appeal. The eighth finds him still less interested, and so on, until presently he is able to view even the choicest fruit with complete indifference or apathy.

The fable does not go on to the point where he might be filled with active loathing for all apples for all time. The moral is reached while still on the plus side of the scale. Physically the twentieth apple is identical with the first in every respect. Intrinsically the two are capable of producing an identical effect; they should excite the same craving and satisfy it equally. Dangled before another starveling, Apple No. 20 would represent everything that was desirable. But our hero, in repeating a process or an experience over and over again, finds that his returns (in this case, the satisfaction of hunger) are successively less and less, beyond a certain point, eventually approaching zero. In other words, there can be too much of a good thing.

And that, in popular terms, is the phenomenon expressed by this economic law.

IT IS TO BE noted that in this example, the gastronomic satisfaction is the pertinent factor. The fable might readily be embellished

with further details. For instance, it might be interpreted in terms of value. For the first apple, no effort would be too arduous and no price too high to pay. For the tenth, he might not bestir himself so energetically and would be inclined to haggle about the price. For the twentieth, he would very likely send out word that he was no longer in the market. But all this is really corollary to the main issue, and we find ourselves dabbling in the law of supply and demand.

There are many other corollaries of great practical importance. Particularly under an industrial system that is based on the principles of mass production and distribution, involving long series of identical products in every field from the tiniest screw machine product up to the automobile assembly line or pre-fabricated housing, it is inevitable that the law of diminishing returns becomes a major consideration.

We can observe its operation and some of its implications by following a typical purchasing determination in which the buyer seeks the answer to the recurrent problem of how much to buy.

THE PROBLEM starts, of course, as most purchasing problems start, with the need for a given material item. The buyer's colleagues in the sales department have consummated a sales contract, or have shrewdly calculated a sales quota, and on the basis of that prospective outlet a manufacturing schedule is established. The bill of materials is drawn up, and among the requisitions that come to the buyer's desk is one calling for 8,500 units of a certain item to be used over the period of six months.

The buyer tests his market by securing prices from potential suppliers, and finds that a typical price for this item is \$1.15 per unit,

subject to quantity discounts presumably based on economies in manufacture and handling the order. In this price scale, the quotation comes down to \$1.10 in lots of a thousand, \$1.06 in lots of two thousand, \$1.03 in lots of five thousand, and \$1.00 in lots of ten thousand or more, all predicated on one order and one delivery.

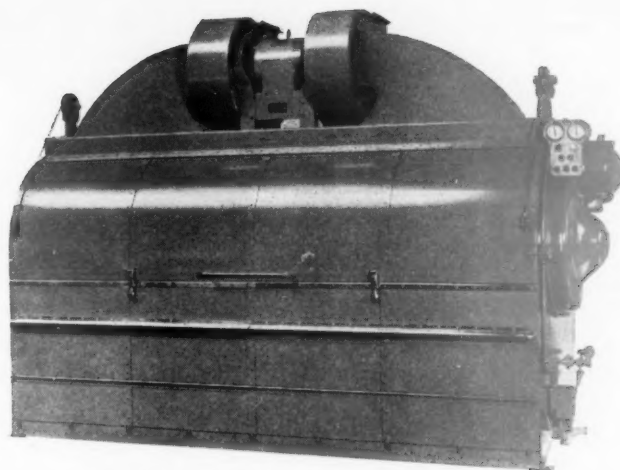
Even in this schedule, the law of diminishing returns is seen at work. The effect of additional quantity up to the first thousand items is to permit a cost or price reduction of 5 cents per unit. The second thousand reduces the cost only 4 cents. It takes three thousand more units to bring about the next stage of discount, at the rate of 1 cent per unit per thousand, and five thousand units, or 6 mills per unit per thousand, to reach the lowest figure. And beyond that quantity there is no additional measurable economy. So much for the manufacturer's side.

Now the buyer applies the schedule to his own requirements. He sees the distinct price advantage inherent in the possibility of quantity purchase, and would like to take advantage of this situation to the utmost. But he, too, finds the law of diminishing returns at work. His visible requirement is an in-between quantity, somewhat short of that needed to secure the maximum quantity benefit. If he is required to observe that price schedule exactly, the quantity up to five thousand units is advantageous in bringing him favorable price consideration, but the remaining 3,500 units have lost that extra effect.

He has, of course, several alternatives in the manner of placing the order, all perfectly legitimate and with no suggestion of "chiseling".

He can order the whole 8,500 units at once, assuring his company of the \$1.03 price, and sacrificing the

"Heat Treated" Wiping Cloths



Typical equipment used by Institute members to dry wiping cloths at a temperature of 212° F.

MOST people know that a *dirty* rag is a potential carrier of infection. Fewer realize that even a washed rag, if not *sterilized* and dried at a sufficiently high temperature, will also harbor disease germs.

The following is quoted from an Industrial Hygiene Bulletin dealing with the production of wiping cloths and published by the New York State Department of Labor: "*Temperature tests were taken both in washers and driers. Some were found at 212 degrees Fahrenheit, others as low as 142 degrees Fahrenheit. This latter heat approaches the incubating point for bacilli rather than a disinfecting temperature.*"

○
DEMAND THIS SEAL



MEMBERS of the Sanitary Institute are equipped to *disinfect* rags—not incubate bacilli. Every Institute labelled wiping cloth is thoroughly boiled in a solution of 76% caustic and/or chloride of lime—then dried, or "Heat Treated" at a minimum temperature of 212 degrees Fahrenheit.

Users of wiping cloths are more and more coming to rely upon the Sanitary Institute label. For complete *certainty* that the cloths furnished your employees are completely *sanitary*, demand the Institute label on every bale.

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HAMILTON, OHIO—The Leshner Corp., 1240 Central Ave.
KANSAS CITY, MO.—American Wiper & Waste Mills, 511 Broadway
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NEW YORK—Godfrey Cotton Products Corp., 102 Wooster St.
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potential advantages of his extra volume.

He can negotiate with the supplier, requesting a special quotation on the 8,500 quantity, hoping to get a reasonable and proportionate concession somewhere between \$1.03 and \$1.00, presumably in the neighborhood of \$1.01 $\frac{1}{2}$.

He might be able to effect an agreement whereby the possibility of subsequent additional orders would secure a cumulative rating to warrant the lower quotation if they should materialize.

He can order the full amount of 10,000 units at \$1.00, in the hope that repeat business or stock requirements will take up the balance. In this event, however, he accepts the risk that 1,500 units may become dead or obsolete stock, and then he would have a cost of slightly more than \$1.17 $\frac{1}{2}$ on the 8,500 units used, or substantially higher than if he had bought them piece-meal as required.

He can order 5,000 units at \$1.03, in the expectation that by the time for a re-order came around it would be possible to foresee requirements for an additional 10,000 at \$1.00, or at least another 5,000 at \$1.03. At worst, he could procure the other 3,500 at \$1.06, bringing his unit cost on the entire order to about \$1.04 $\frac{1}{4}$.

BUT BEFORE he reaches this stage of the calculations, he knows that the return in value from a quantity investment has diminished much more rapidly than the price list alone indicates. If he brings in the whole lot, sufficient for six months operations, there is going to be a substantial carrying charge on that portion of the material that lies in the stockroom for from two to five months before going into manufacture. At the conservative and commonly accepted figure of 2 per cent per month, this amounts to a little more than \$320, or close to four cents per unit, more than enough to wipe out the extra price differential for stepping up the quantity to the next higher bracket. Ostensibly the cost of the last unit, as shown on the invoice, is the same

as that of the first, but actually the cost is substantially higher.

And there is still another factor—the cost of transportation. One of the legitimate sources of economy sought in the quantity transaction is the difference in handling large or small shipments. If the difference between carload and l.c.l. rates amounts to $\frac{1}{4}$ -cent per unit, obviously it is a factor to be taken into account. Quantity purchase up to the carload quantity would be a wise measure and productive of a substantial saving in the aggregate. Let's say that a carload in this instance amounts to from 2,500 to 3,000 pieces. There's an argument for getting in at least two months supply, but beyond that point—diminishing returns again—there's no advantage whatsoever in increasing the amount. If it happens that the chosen supplier is within economical trucking distance, so that the limit of transportation economy is reached with the full truckload quantity, perhaps a thousand units, the diminishing return on this particular factor gets in its work even sooner.

Altogether, then, taking into consideration the most advantageous manufacturing quantity, shipping quantity, and storing quantity, in terms of their limitations as well as the economies they offer, it appears that the most advantageous ordering quantity in this case simmers down to the single carload, ordered every other month as needed, even though this does entail the sacrifice of some apparent price concessions and makes use of only one-third of the visible requirement as a price lever.

SUCH IS ONE phase of the law of diminishing returns, as it relates to net values in a simple purchasing transaction. It is one of the first lessons that the buyer has to learn. Appreciation of it is one of the marks of the trained purchasing specialist, as distinguished from the optimism of sales-minded executives, the speculative tendencies of management, the "factor of safety" calculations of the engineer, and the typical "have plenty on

hand" philosophy of the operating superintendent. It is one of the very potent justifications of the local distributor's place in our industrial scheme.

We might readily find another exemplification of the law in determining what quality to buy. Our purchaser may discover that for a relatively small advance in cost he can obtain substantially higher quality, making the higher grade by all odds the better buy. Surely it is poor economy then to purchase on the basis of price alone. But it may be that the higher ranges of quality are indeed too good, or at least better than necessary, for the end in view. Again the law of diminishing returns steps in, and so far as any useful return from this excessive quality is concerned, it is branded as sheer waste.

Or in the matter of dimensional accuracy and tolerances, up to a certain point they are wholly praiseworthy, adding to the utility of the product. But in a great many products there is a commercial standard sufficiently exacting to satisfy ordinary requirements of usage, and the expense involved in going beyond that standard offers no commensurate return. One of the most common pitfalls in drawing up material specifications is to insist on a degree of captious precision entailing needless expense in manufacture, test, and rejection.

OUR INDUSTRIAL economy is soundly based on the theory of mass production as the economical plan. We have recognized that there are certain minimums in the way of organization, capital, facilities, procurement of materials, and scale of operations, below which an enterprise cannot go without surrendering its competitive efficiency or its hope of profit. We have not been so quick to recognize that there are upper limits too, beyond which additional volume shows less and less return, or no return at all.

In some details of operation, that realization is beginning to assert itself. We are increasingly conscious, for example, that a widening of the profit margin, with its

beneficial immediate effect for the producer, may quickly curtail the effective market demand to the detriment of both producer and society; and conversely, the cut-price artists who expand their markets with price reductions that they can afford to make may find that an additional reduction not only fails to sell proportionally more goods but leaves them in an impossible position in relation to costs and income. We are learning that industrial stability depends on a price structure reasonably related to costs of production. The law of diminishing returns is a doctrine of temperance.

We find it again in industrial capitalization. In the early stages it may well be the case that additional capital may permit a scale or manner of operations, an expansion of markets, an economy of administration, that will return profits in geometric ratio. Then comes a point of maximum efficiency when the return will be in simple arithmetic proportion. And beyond that is a zone where additional capital in an enterprise must resign itself to earning a lesser return or dragging down the potentialities of the whole capital structure through topheavy capital charges and overhead or forcing the organization into uneconomic practices in order to keep the larger capital at work.

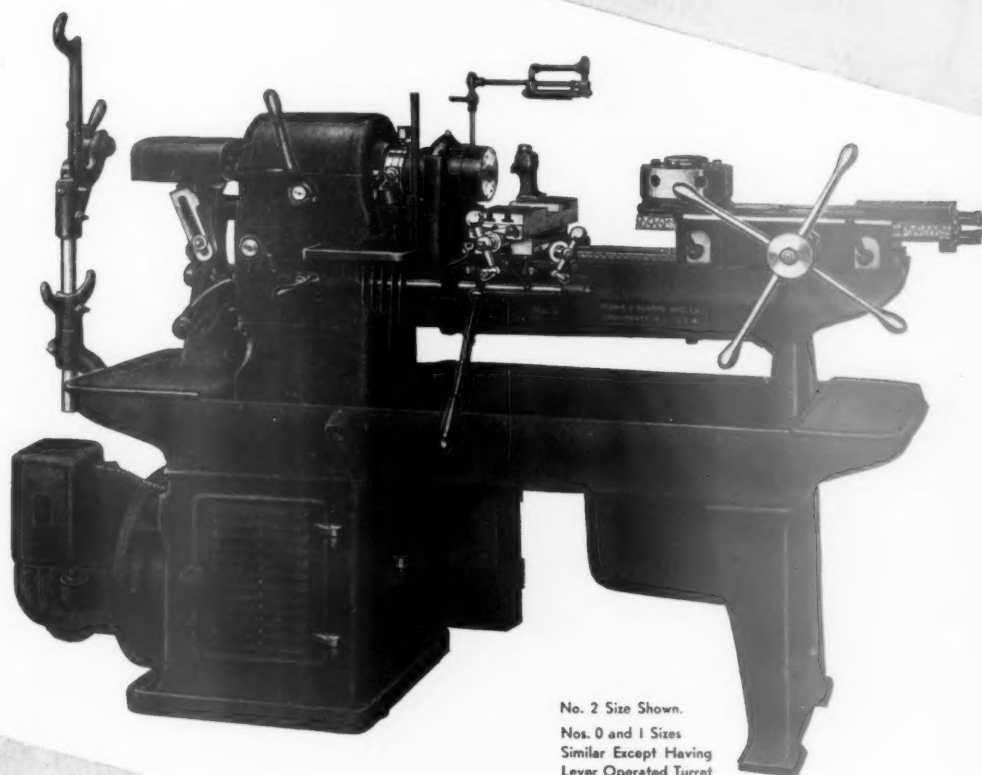
"Bigger and better" are not synonymous terms. One denotes growth, the other progress. Often the two are coincidental. But if we are seeking a cause and effect relationship, the study of industrial history will more frequently show that growth comes as a result of progress and improvement than that excellence and efficiency naturally follow from increased size. There are many clear instances of this to be found in the experience of mergers over the past decade. Not that integration itself has failed as a device of industrial organization; but it is certainly worthy of serious inquiry to determine how much of the commercial success attributable to this form of growth is actually due to the greater size and how

much is due to the automatic retirement of the participating units from mutual competition.

In the present regulatory program enacted by Congress in the interests of protecting the small man in business and industry, Justice Brandeis' notable phrase, "The Curse of Bigness", has gained new currency and popularity. With its implication that size is in itself an evil, it has a harsh and rasping sound to thousands of conscientious business men who have seen the survival and growth of their own enterprises as the result of long,

hard hours, courage and tenacity, and business skill. To such men, size may naturally and rightfully connote success. Before condemning the whole program and taking umbrage at this assault against a traditional criterion of business proficiency, they will do well to ponder the limitations of bigness under the operation of the law of diminishing returns. The amount of the order, the size of the plant, the magnificent scale of the operations, are not indeed the sole and final measurement of industrial efficiency, service—or profits.

The New Design **BROWN & SHARPE** MOTOR DRIVEN - WIRE FEED SCREW MACHINES



No. 2 Size Shown.
Nos. 0 and 1 Sizes
Similar Except Having
Lever Operated Turret

**NEW
FEATURES**
... profitable on Short Runs
or Second Operations

- Higher Spindle Speeds
- Broader Range of Work
- High Ratio between Low and High Speeds
- Chain and Sprocket Drive for Low Speeds
- Positive Clamp for Turret Slide Bed



Also available in Belt Driven Types — May we send details?
Brown & Sharpe Mfg. Co., Providence, R. I., U. S. A.

PERSONALITIES in the NEWS

E. JAMES ROOT, Purchasing Agent for the Connecticut General Life Insurance Company, Hartford, completed thirty-five years of service with that company on September 21st. The milestone was observed by a luncheon at the University Club, attended by several of the company officers, at which an appropriate service pin was presented. Mr. Root has for several years been treasurer of the Connecticut P.A. Association, and is likewise an active member of the Hartford County Association and the Insurance Buyers' Association.

H. H. MEYERS has been appointed manager of the purchasing department of the Virginia-Carolina Chemical Corp., Richmond, succeeding HUGH MILLER, who has been granted an indefinite leave of absence on account of ill health.

FRED RAUS heads the purchasing department of the Caprock Oil Co., Ramsay Tower, Oklahoma City, in a merger of the various units and affiliated companies which involved the transfer of headquarters from Tulsa to Oklahoma City on September 1st.

MAJOR GEORGE J. CRONIN has been reappointed State Purchasing Agent for Massachusetts. He came into the state service with the creation of the Commission on Administration and Finance and was appointed to his present office in 1925.

R. W. GREVE, formerly purchasing agent for R. H. Macy & Co., New York City, and more recently for Schenley Distillers, has been named purchasing agent for the New York World's Fair 1939, Inc., with offices in the Empire State Building.

W. E. RICE, for the past several years associated with the Graybar Electric Co. at Cleveland, and an active member of the Cleveland P.A. Association, has been ap-

pointed assistant manager of the Kee Lox Mfg. Co., at the same city.

T. H. GARRISON, Purchasing Agent for Trexler Farms, Allentown, Pa., presided at a meeting sponsored by the National Safety Council last month, at which twenty-eight medals were awarded to drivers of the Farms, who drove half a million miles during the year without an accident. CAPTAIN NOLAN P. BENNER, Mr. Garrison's predecessor as purchasing agent, now a trustee of the Trexler Estate, addressed the meeting on "Employee Cooperation and Welfare."

WELLS M. RATHER, for the past two years assistant purchasing agent for the City of Chattanooga, Tenn., has been appointed purchasing agent, succeeding MERCER REYNOLDS, who resigned to devote himself to private manufacturing interests after two years of voluntary service without pay in the purchasing office, which was established Oct. 1, 1934.

CHARLES I. FULLER of Norton, Va., deputy clerk for the Wise County Board of Supervisors, has been named purchasing agent for the county under the new policy of centralized buying of county supplies.

EDWARD H. CONDIT, for the past 18 years associated with the Hotel Astor, New York City, has been appointed purchasing agent for that institution.

FLOYD HUMMEL of Maywood, Ill., Purchasing Agent for the Proviso Township High School, was the victim of a hold-up in downtown Chicago, September 23rd, resulting in the loss of \$1,463 in school funds.

W. R. CORTRIGHT, Assistant Purchasing Agent for Los Angeles County, has been named acting purchasing agent for the county, succeeding HARRY E. RUSSELL, to

serve until a successor is appointed from a Civil Service examination.

ALFRED KAUL, for the past sixteen years purchasing agent for Mandel Brothers, Chicago, during part of which time he has also served as superintendent of maintenance, has been named general superintendent of the organization. In this capacity he will continue to supervise purchasing and maintenance activities. Prior to his work at Mandel Brothers, Mr. Kaul was general purchasing agent and general superintendent of B. Heller & Co., manufacturing chemists.

N. O. FULLMER, Purchasing Agent for the Midwestern Dairy Products Co., Salt Lake City, has received the Republican nomination for a seat in the State Legislature.

BEN M. SMITH has been appointed city purchasing agent at Kansas City, Kansas, succeeding ROBERT W. RADFORD, who resigned to join the sales force of the Anderson-Stolz Corp. Mr. Smith is a practical business man, with long experience in the hardware trade.

W. B. GEISE of Kingston, Penna., mining engineer with the Susquehanna Collieries Co., at Nanticoke, has been named purchasing agent of that company effective October 1, succeeding C. K. GLOMAN of Wilkes-Barre, who has relinquished the position on account of ill health. Mr. Gloman will, however, continue his association with the company, which he has served for fifty years. P. G. FOUST of Wilkes-Barre has been named assistant purchasing agent.

T. E. GARRISON has been named purchasing agent for the public schools of Ardmore, Oklahoma. He has a long business experience, chiefly in the petroleum industry, having served as treasurer of the Palacine Company for several years, and more recently as assistant sales manager of the Wirt Franklin Corp.

HARRY T. BROWN, Purchasing Agent of The Namm Store, Brooklyn, N. Y., has been appointed building superintendent for the company.

Interview Policy

THE WORK of the advertising manager has a good deal in common with that of the purchasing agent. While his objectives are allied with the merchandising rather than the production phase of the business, the mechanics of selecting the proper media, contracting for space, and procuring the various materials and services which go to make up the copy and campaign are essentially a specialized phase of purchasing.

This part of the job involves, among other things, an interviewing situation of considerable magnitude, comparable to that encountered in the purchasing agent's office. It is therefore of interest to buyers generally to see how this matter is handled in one large advertising department.

A. K. Barnes, Director of Advertising and Merchandising for the Armstrong Cork Co., Lancaster, Penna., has made a determined effort to keep down the preventable waste of time and expense entailed by indiscriminate sales solicitation—a waste that levies its toll upon both the buying and the selling organization. His approach to the problem has been to regulate and clarify departmental policies, and then to give prospective callers a clear view of the set-up, inviting their cooperation in working along the indicated lines.

In a general letter recently issued, he states:

"This letter is to ask your cooperation in a plan that we believe will save time and expense for your advertising representative and at the same time enable him to present his story under the most favorable circumstances.

"In view of our wide range of products and the many markets which we serve, we are visited during the course of the year by a large number of representatives of trade, technical, and professional publications. It has been our policy to accord every salesman a courteous hearing

and we want to continue that policy. We feel sure that you will readily appreciate that if calls of salesmen are too frequent, or if they drop in at unexpected times, there is a heavy drain upon the time of the men in our Trade Paper Advertising Section who are engaged in the preparation of copy, editing of house organs, and similar tasks. Furthermore, a representative who drops in without advance notice may very likely find the man he wants to see tied up in a sales meeting, in a conference with our advertising agency staff, out of town, or on vacation. Under such conditions, the time and expense of the salesman are practically wasted."

This is followed by four specific suggestions working toward the mutual advantage of the caller and the company.

(1) The advisability of making an appointment in advance, by letter or long distance telephone. This is particularly important because the company happens to be located outside the large metropolitan centers and many calls represent special trips.

(2) Casual or "courtesy" calls are discouraged. The call should be of definite and timely importance, and the solicitation condensed to half an hour, if possible.

(3) The proper point of initial contact—in this case, the company's agency in New York City, specified in the letter with address and name of the individual to be seen.

(4) The budget-making period, when solicitations are most helpful and when the annual program is made up. Out-of-season calls are not altogether discouraged, but it is clearly indicated that for the most part the decisions are made in the early fall.

In conclusion, Mr. Barnes says:

"Please do not feel that we are trying to be 'hard-boiled.' We certainly do not want to create that impression. We have our own salesmen on the road and we expect them to extend the same courtesies to our own prospective customers."

Celluloid Corp., 10 E. 40th St., New York City, is distributing a new 24-page booklet entitled "Molding with Lumarith." The booklet contains a comprehensive and informative section on injection molding, recently perfected process in the plastic field which permits of more rapid production, lower mold costs, and the fabrication of more intricate shapes.

This Amazing, New
Cleaning Discovery
Saves Me \$527.
A Year!



HERE'S
FREE
PROOF

SOLVENTOL MELTS DIRT

REVEALS ORIGINAL SURFACE

Now, at last, you, too, can save big money on every industrial cleaning job. SOLVENTOL, the sensational new scientific cleaner melts costs like it melts dirt!

HERE'S WHY

SOLVENTOL cleans by a startling new principle. It dissolves dirt—melts dirt—does not merely scour it. That's why it takes less to do the job—does the job faster—saves you money!

HERE'S HOW

SOLVENTOL contains TRIPHENYL-HEXANISOL—the world's most efficient solvent. Just as dry-cleaning dissolves and rinses dirt and stains from clothing, SOLVENTOL dissolves and rinses dirt and oil stains from floors and other surfaces. Leaves no soapy film, no alkaline residue. Antiseptic! Ideal for toilet rooms and fixtures.



TESTIMONY

Already 75% of the industrial companies in the industrial State of Michigan use SOLVENTOL!



FREE Try Solventol in your own home. See how it Saves!

Mail Coupon NOW

SOLVENTOL CHEMICAL PRODUCTS, INC.
12001 East Jefferson Avenue, Detroit, Mich.

Without obligation, please send me **FREE** your 2 lb. can of SOLVENTOL.

Name

Position

(Please attach to Business Letterhead)

AMONG THE ASSOCIATIONS

New York—The Distributors-Buyers group of the N.A.P.A., projected at the New York convention of 1935 and formally organized at the New Orleans convention of last May, with Louis A. Colton of Zellerbach Paper Co., San Francisco, as chairman, is now actively at work enrolling members and initiating a program of study and service. It is expected that the group will have a definite place on the program of the Pittsburgh convention next year.

The group will include buyers for resale and for operating purposes only, such as the representatives of wholesale drug, hardware, automobile accessory and paper houses, department stores, etc., and will also have a definite interest for buyers in banks, insurance and brokerage concerns. The problems of such buyers are distinctly different from those encountered in buying raw materials for manufacture and for mill and factory operation. It is estimated that nearly a thousand members of the N.A.P.A. come within the interests of this classification.

Among the study projects that have been suggested are: consignment buying, sampling and advertising allowances, quantity and forward buying, protecting floor stocks, and reciprocal buying.

New York—Two classes in purchasing principles and practices got under way in New York City last month. T. M. Johnson, Purchasing Agent for New York University, is the instructor in a course conducted under the auspices of the Department of Management of the University, and Henry Meyer, former president of the New York P.A. Association, conducts the course at the West Side Y.M.C.A.

SEPTEMBER 1

Oakland—Luncheon meeting of the East Bay group of the **North California Association**, at the Lake Merritt Hotel, marking the resumption of association activities after the summer recess.

SEPTEMBER 3

San Francisco—Luncheon meeting of the **Northern California Association**, at the Palace Hotel. Speaker: Gen. Wm. E. Gilmore, U. S. A. retired, Executive Officer of the Golden Gate International Exposition.

SEPTEMBER 8

Tulsa—Annual stag party of the **Tulsa Association**, at Shamrock Lodge. Program of indoor and outdoor sports, featuring a baseball game between salesmen and purchasing agents. Buffet lunch.

Cincinnati—First fall meeting of the **Cincinnati Association**, at the Maketewah Country Club. Golf and cards in the afternoon. Dinner meeting.

Speaker: Joseph G. Garetson, of the *Cincinnati Enquirer*, "Notes of a Newspaper Reporter."

SEPTEMBER 9

St. Paul—Dinner meeting of the **Twin Cities Association**, at the Lowry Hotel. Motion picture showing the manufacture of alloyed steel, with explanatory talk by L. B. Worthington, manager of sales for the Carnegie-Illinois Steel Corp.

SEPTEMBER 10

Springfield, Mass.—Opening fall meeting of the **Western Massachusetts Association** at the Springfield Country Club. Golf and bridge during the afternoon. Dinner and dancing.

Chicago—Monthly meeting of the **Chicago Association**, at the Hotel Sherman. Speaker: Harry T. Bussman, Vice President and Sales Manager of Bussman Mfg. Co., St. Louis, "Sellers' Relations with Purchasing Departments."

San Francisco—Luncheon meeting of the **Northern California Association**. Speaker: Archibald Price, Manager of the Palace Hotel Co., "Early California."

Seattle—First fall meeting of the **Washington Association**, at the Washington Athletic Club. Talk on "Research Work on Building and Other Materials Pertaining to Preservation of Life and Property" by G. S. Ryor and R. J. Larrabeem, resident and field engineers for Underwriters' Laboratories, Inc. Discussion on "Cooperative Purchasing" led by Messrs. Holloway, Piercy, Dickinson, Hull, and Crouch.

Los Angeles—Monthly meeting of the **Los Angeles Association**, at the Jonathan Club. Speaker: Byron C. Hanna, Attorney, on "The Robinson Patman Act," followed by a round table discussion.

Kalamazoo—Luncheon meeting of the **Kalamazoo Valley Association**, at the Columbia Hotel. Report on commodity price trends by C. A. Yonker of the Allied Paper Mills.

SEPTEMBER 14

Houston—Meeting of the **Houston Association**, observing the city-wide "Real Estate Week." Speaker: Harry E. Copeland, chief underwriter for the FHA.

Bridgeport—First fall meeting of the **Salesmen and Purchasing Agents' Association**, at the Stratfield Hotel. Speakers: Harold Reid and J. E. Andrews, of the Wallace Barnes Co., Bristol.

Columbus—Meeting of the Columbus Association, at the Columbus Athletic Club, E. M. Birckenback presiding. The meeting was devoted to a discussion of the association by-laws and plans for the coming year.

SEPTEMBER 15

Louisville—First fall meeting of the Louisville Association, at the Kentucky Hotel. Business résumé and discussion of commodity price trends was given by Otto Fausel. There was a round table discussion of the relationship of the purchasing department with foremen and production officials.

New York—Monthly meeting of the New York Association, at the Builders Exchange Club. Speaker: Harry Eaton, Editor of Whaley-Eaton Service, Washington, "National and International Economic Problems."

Pittsburgh—Executives Night meeting of the Pittsburgh Association, at the William Penn Hotel. Speaker: George A. Renard, Executive Secretary of the N.A.P.A., "The Robinson-Patman Act."

Milwaukee—Meeting of the Milwaukee Association, at the Elks Club. Speaker: A. J. Browning, manager of the paint division, Montgomery Ward & Co., "Paint, Its Selection, Cost, and Use."

SEPTEMBER 16

Baltimore—Opening meeting of the 1936-1937 season, of the Baltimore Association, at the new headquarters in the Lord Baltimore Hotel. Plans were completed for the Manufacturers Products Exhibit to be held in October.

Canton—Annual fall stag outing of the Canton & Eastern Ohio Association, at the Shady Hollow Country Club, in charge of K. S. Goodin and M. F. Shaffer.

Omaha—Meeting of the Greater Omaha Association of Purchasing Agents. The association, which was largely instrumental in bringing about the establishment of centralized purchasing for the city, gave its endorsement to Leonard B. Bergman for election to the county board as a factor in improving the purchasing methods of the county.

Erie—Meeting of the Erie Association, at the Masonic Temple. Officers for 1936-1937 were installed, as follows: President, D. E. Burns of Milloy Lumber Co.; Vice Presidents, A. J. Becker of Bucyrus-Erie Co., and C. E. Portenier of Griswold Mfg. Co.; Secretary, J. E. Robison of Erie Meter Systems; Treasurer, J. F. Condon of Erie City Iron Works. Motion pictures of the association picnic were shown.

OCTOBER 1936



- ITS WHITER-THAN-SNOW COLOR
- ITS UNIFORMITY
- ITS WONDERFUL STRENGTH
- ITS WRITING SURFACE
- ITS GREAT TEAR

The World's Whitest Bond



Compare it!
Tear it!
Test it!
And when you buy
You'll specify it!

THE HOWARD PAPER CO.,
URBANA, OHIO

Send me the new Howard Portfolio

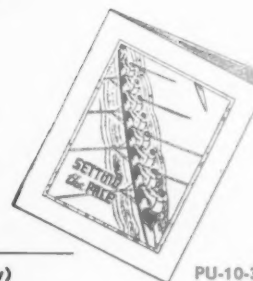
NAME _____

FIRM _____

ADDRESS _____

CITY & STATE _____

(Please attach to your business stationery)



PU-10-36

SEPTEMBER 17

San Francisco—Joint dinner meeting of the **Northern California Association** with the San Francisco branch of the American Society for Testing Materials. Speaker: John B. Terry, chief chemist, Standard Oil Co. of California, "The Development of an A.S.T.M. Standard." Discussion of welding problems.

Cleveland—First fall meeting of the **Cleveland Association**, at the Cleveland Hotel. Afternoon commodity session, with a talk on "General Foundry Practice" by Frank Van Boxel, superintendent of the Sand Cast Division, Aluminum Company of America. Dinner meeting program by representatives of the Toledo Scale Co.

Dayton—Meeting of the **Dayton Association**, at the Engineers' Club. Speakers: R. B. Criswell of the Ohio Inspection Bureau, "Common Fire Hazards," and William E. Campbell of Wolverine Tube Co., "Business and Commodity Trends."

Detroit—Golf tournament of the **Detroit Association**, at the Tam-O-Shanter Golf and Country Club.

SEPTEMBER 19

Charlotte, N. C.—Meeting of the **Virginia-Carolinas Association of Purchasing Agents**, in charge of A. S. Brower of Raleigh, director of the North Carolina State Division of Purchase and Contract. The association membership includes purchasing officials of municipal, county and state governments and public school boards, as well as leading industrial and utility buyers in those states.

SEPTEMBER 22

Tulsa—Closed business meeting of the **Tulsa Association**. Discussion on "Phases of Purchasing Department Routine and Methods."

Oakland—Luncheon meeting of the East Bay group of the **Northern California Association**, at the Lake Merritt Hotel. Speaker: Herbert C. Davis of the California Fish and Game Commission, "Ghost Towns of California and Nevada."

Stratford, Conn.—Dinner meeting of the **Connecticut Association**, at the Mill River Country Club. Speaker: F. G. Space of Seymour Mfg. Co., "Management and the Purchasing Agent."

Boston—Opening session of the course in Purchasing, at the Boston University School of Business Administration, in charge of Robert C. Kelley of Converse Rubber Co., National Director and Past President of the **New England Association**, and supplemented by special talks on various phases of purchasing given by association members.

SEPTEMBER 23

Rochester—Meeting of the **Rochester Association**, at the Rochester Club. Speaker: Jacques L. Meyers, Treasurer of Michaels, Stern & Co., "What the Robinson-Patman Act Means to Business."

Milwaukee—Opening session of the course in Purchasing at Marquette University, sponsored by the **Milwaukee Association**. The course is in charge of George W. Knick, Assistant Professor of Business Administration on the Marquette staff, and special lectures are to be given by the following association members during the course of the term: A. R. Curtis of National Enameling & Stamping Co., Gus Schlaefli of The Journal Co., Oscar M. Bonesho of Hummel & Downing Co., G. L. Hartman of Oilgear Co., J. F. Bode of Briggs Stratton Corp., J. A. Friend of Nordberg Mfg. Co., H. A. Frank of Sterling Wheelbarrow Co., Theron Child of Allen Bradley Co., H. A. Steffen of Wadhams Oil Co., Charles Stone of Interstate Drop Forge Co., Fred Benz of T. M. E. R. & L. Co., Walter Wenzel of Vilter Mfg. Co., Carl Garney of Wagner Mfg. Co., and J. W. Nicholson of City of Milwaukee.

SEPTEMBER 24

San Francisco—Luncheon meeting of the **Northern California Association**, at the Palace Hotel. Talking motion picture, "New Frontiers," presented by Willard Johnson of the Westinghouse Electric & Mfg. Co.

Detroit—First fall meeting of the **Detroit Association**, at Webster Hall. Speaker: George A. Renard, Executive Secretary of the N.A.P.A., "The effect of the Robinson-Patman Act on Purchasing". The following officers for 1936-1937 were installed: *President*, Joseph McRobbie of American Blower Corp.; *Vice-Presidents*, W. G. Boley of Detroit City Gas Co., and A. W. Taylor of Rotary Electric Steel Co.; *Treasurer*, F. D. Sickelsteel of Ex-Cell-O Aircraft and Tool Corp.

Toledo—Meeting of the **Toledo Association**, at the Waldorf Hotel. Program in charge of C. C. Hawkins, featuring a motion picture showing the manufacture of stainless steel, presented through courtesy of the Republic Steel Corp.

Renton, Wash.—Luncheon meeting of the **Washington Association**, followed by an inspection tour of the Pacific Car & Foundry Co. plant.

SEPTEMBER 25-26

Hamilton, Ont.—Twelfth convention of **Canadian Purchasing Agents Associations**, with delegates from Hamilton, Montreal, Toronto, and Winnipeg. The program included addresses on "The Psychology of Purchasing" and "Scientific Purchasing in Industry," and the banquet address was given by a former British Secret Service and Scotland Yard man, on "Death in the Desert."

SEPTEMBER 25

Schenectady—Meeting of the **Syracuse & Central New York Association**, at the plant of the General Electric Co. The trip from Syracuse had the distinction of being made in one of the first special cars chartered to leave from the new passenger station in that city. The day's program included a tour of the plant and laboratories, a "House of Magic" demonstration, luncheon at the Mohawk Golf Club, an afternoon of golf, and dinner meeting with entertainment.

SEPTEMBER 26

New York—Fifth annual outing and dinner meeting of the **Marine Purchasing Agents and Salesmen of the Port of New York**, at the Teterboro Golf Club. George H. Miles was chairman of the committee in charge.

SEPTEMBER 28

Bethlehem, Penna.—Meeting of the **Lehigh Valley Association**, Paul S. Killian of Bethlehem Steel Co. presiding. The afternoon was spent in an inspection trip through the steel plant, with the option of golf at the Saucon Valley Country Club.

SEPTEMBER 29

Oakland—Luncheon meeting of the East Bay Group of the **Northern California Association**, at the Lake Merritt Hotel. Speaker: Walter Gordon, line coach of the University of California, "Football Prospects for 1936."

Tulsa—Dinner meeting of **Tulsa Association** members and their assistants at the Roof Garden of the Tulsa Club, as guests of Baker Oil Tools, Inc.

Outlook for Hides

The past three years have seen large surplus supplies hanging over the hide market. Cattle slaughter has been exceptionally heavy. In addition, government holdings of drought hides have been a considerable factor.

From present indications, cattle marketings from now on will be less active. Government stocks are down to 1,065,000 hides and 147,000 skins; by the end of the year the former item should be curtailed by at least 30% to 40% and the latter item completely liquidated.

Demand is active. With shoe production at record levels, and apparently well sustained, the tanners' interest is extended to winter hides more than normally. There is also a large military demand for hides, from European countries.

Spot prices rose sharply in September. The recent advances have not been firmly held, but the long-term trend is upward because of the improved statistical position.

OCTOBER 1936

**SAVED
PENNIES
...WASTED
DOLLARS**



Cut cleaning costs! Standardize on Gold Dust, the one cleaner that does all jobs—faster and better. Gold Dust is now available in 25-pound and 50-pound drums for industrial use. If your dealer cannot supply you, order direct from Gold Dust Corporation. Test it free in your own plant.

MAIL THIS COUPON FOR FREE SAMPLE

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88 Lexington Avenue, New York City
Please send me by return mail, without cost or obligation, a free sample of Gold Dust for trial.
Name _____
Company _____
Address _____
City _____ State _____



PAGE 35

A Buyer's Views on CREDIT RELATIONS

SOUND AND constructive purchasing is infinitely more than sending out inquiries, checking quotations, and awarding the order to the low bidder. Price is important, but I like to think of it not as the yardstick of value but as the resultant of the other purchasing considerations—quality, quantity, and service (availability as to time and place). With over fifty percent of the total income of the average manufacturing concern spent for materials, more for supply and expense purchases, the procurement function obviously merits consideration as a major function of industry.

Today's purchasing executive who is awake to his responsibilities knows the materials he buys, how they are made and how they are used, knows his suppliers, their abilities and limitations, knows market conditions and general business trends, and is constantly studying new materials, new methods, and new sources of supply. Since actual buying is the crux of the purchasing job, the development of satisfactory sources of supply and source relationships are very important and fundamental objectives of purchasing men.

The buyer should exhaust every possible source of information concerning a prospective supplier of an important commodity before he places an initial order. He can, of course, safeguard the transaction by assuring himself of the financial responsibility of the supplier and by including in the purchase contract guarantees and indemnities, but legal remedies cannot equal satisfactory performance. Then finally by experience, and experience alone, the buyer comes to really know the competence and dependability of the source of supply.

It seems to me that the credit manager's approach to and development of credit relations parallels very closely these purchasing considerations. He wants to know as much as possible about the prospective buyer, to determine his *ability* to pay, and of the means at hand for forcing payment, but, if I understand correctly, the Credit Manager recognizes as his primary objective, not the avoidance of a credit loss, but the development of a satisfied customer. Although the experience of others may be very helpful, it seems to me that his own ledger experience affords the credit man the only true measure of the *willingness* of the customer to fulfill his obligations.

The credit man generally remains in the background in buyer and seller relationships, but his influence is a vital force in the mutually satisfactory consummation of their transactions. As is so often the case with less spectacular forces, the efficient functioning of the credit man passes without notice and is accepted as a matter of course. It is only when he makes mistakes



JAMES M. BERRY

Purchasing Agent
The Drackett Co.
Cincinnati

in judgment or tact that he is brought actively to the attention of both the buyer and coordinate officials in his own organization.

This is the fundamental reason, I believe, that the credit manager (and the purchasing agent, as well) must accept the burden of responsibility for bringing about the cooperation so necessary to successful business operation. The credit man must *find out* what the sales department is doing, who is expected to place sizable orders, and when terms of payment are suspended or modified. The buyer must *find out* what the production department is going to need, or what the sales department is planning. This information generally doesn't just *come* to either—and it is results, not alibis, that are expected of both.

As examples of what appeared to me, as a buyer, efficient and effective management of credit, and the opposite, let me cite two recent experiences in my own purchasing. In the first case, a source for a made-to-specification article for resale was developed and an initial order totalling \$6,500 was placed with the supplier, a small Chicago manufacturer. Repeat business was contingent upon sales for which we had no precedent. During the entire negotiation this manufacturer raised with us no question of our credit, but billed the first order on thirty day terms and accepted a repeat order and placed it in production before the first invoice was paid. This was either intelligent credit management or downright fool's luck.

But, in establishing a line of credit to the extent of \$13,000 with this new supplier, I should have felt no resentment at a direct, business-like request for information or references. Of course, if I felt that my company might be unable to, or might seek to avoid, its obligations, I should try to keep our credit good with two or three sources to use for references in such

Where *Your* Business Touches *Ours*

if

- your product requires washers, gaskets, dust rings, grease-retainers or other felt parts.
- you use felt wicks, as in textile manufacturing.
- your product or work involves the use of a sound-deadening material.
- vibration is a detriment in the use of your product.
- your business calls for polishing, buffing, burnishing or rubbing pads or wheels.
- you build refrigerating machinery or air-conditioning equipment.
- you manufacture radios or other apparatus requiring acoustical excellence.
- you make anything that requires insulation from heat or cold.
- your product is to be used where a base pad is necessary to avoid injury to desk, table, etc.
- you are engaged in any industry that *does* or *could* use FELT IN STRIPS, ROLLS, SHEETS OR DIE-CUT SHAPES.

Then *Your* Business Touches *Ours*

FIDELITY  COMPANY

FRONT & VENANGO STS.

PHILADELPHIA, PA.

KEYSTONE: Park 5119

Established 1928

BELL: NEBraska 7111

cases—but that's where the credit men must be on the job. Along this same line, I disagree with the argument that salesmen should not be utilized for collection purposes. The salesman's relations with the buyer should enable him to request payment without embarrassment or apology, and should make it more difficult for the buyer to refuse him than the distant, unknown credit manager.

In the second case, another Chicago manufacturer was contacted as a source for small quantities of an inexpensive, ready-made article. After some three or four weeks, during which we considered three stock designs offered by the manufacturer, we placed an order totaling \$36.75, and were informed by return mail that as our company was not known to them, they could accept our order only on terms of 25% cash in advance and the balance C.O.D. This was a clear case where mishandling of credit relations resulted in the loss of a potential customer, although, in fairness to credit men, I must admit that it was by far the most inefficient or tactless example of credit management (at least from the buyer's point of view) that I have ever encountered.

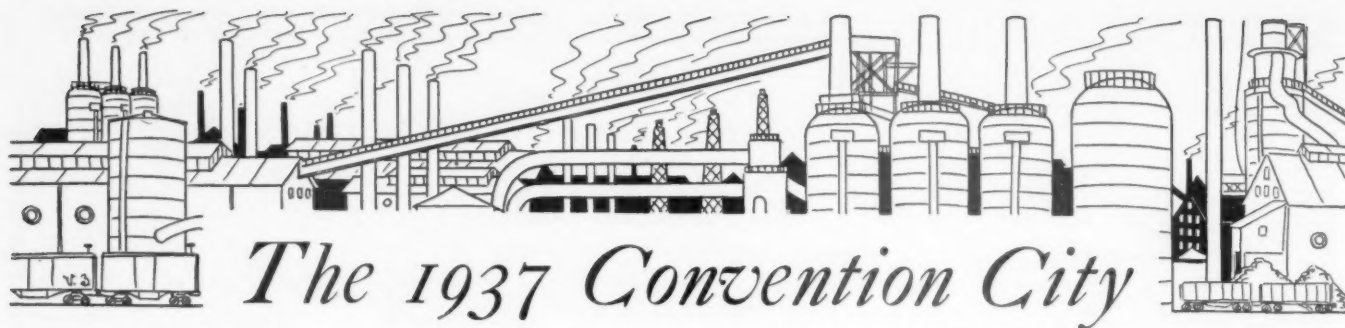
This experience makes me wonder whether sales departments are in the habit of advising their credit men of all inquiries received and quotations made, of any quotations made to unknown buyers, or of any almost-certain orders from new or inactive accounts. It seems to me that credit managers should insist upon

securing the essential information covering all quotations outstanding. Whether the credit man will investigate the credit standing of mere inquiries is, of course, for him to decide in contemplation of the percentage of quotations generally resulting in actual orders, the apparent probability of an order, or the size of the transaction involved. In no case, in my opinion, should the judgment of anyone in the sales department be exercised in withholding from the credit department essential credit information regarding any inquiry or quotation.

Generally speaking, the credit manager's relations with the customer's purchasing agent are so few and so apt to involve the adjustment of difficulties or misunderstandings that the credit manager is in a difficult position in relations between buyer and seller. What he says or does must be planned definitely to avoid the loss of goodwill more often than it can attempt to increase goodwill. A much higher order of tact would seem to me to be required than is required, for example, of the sales manager.

From time to time, I have received form letters mimeographed or multigraphed upon blank bill-heads or statement forms, usually stating that it is not a bill, we owe nothing, our business is appreciated, and it is hoped that we will avail ourselves again soon of our credit with the senders, but if in any way their service has not been satisfactory, won't we please give them

Continued on page 54



Pittsburgh as a Research Center

L. H. ALMY

Research Chemist
H. J. Heinz Co.

FROM EARLY times there have been those progressive individuals who took the lead in the introduction of new undertakings. They were first to explore, first to question the old order of things. The history of advance in knowledge is punctuated by the names of these crusaders. They had the research spirit.

The pioneers of research worked single-handed and often against considerable opposition. The attitude of the public now is generally sympathetic toward investigational work. No longer is the scientist required to work alone. The problem more often than not seeks the investigator rather than the reverse.

Most studies have an institutional or industrial origin. We are indebted to many governmental and endowed institutions for progress in lines of research not so well suited to sponsorship by the industries. However, interest in investigational work has advanced to the point where many companies are fostering studies in the realm of pure science.

Mellon Institute

Pittsburgh enjoys the distinction of having the technical and scientific organization developed by Robert Kennedy Duncan as a connecting link between science and industry. His first Industrial Fellowship was established in 1907 at the University of Kansas and in 1911 the operations were transferred to their present location at Pittsburgh.

Andrew W. Mellon and Richard B. Mellon in 1913 founded Mellon Institute for industrial research, and later placed the industrial research system on a permanent basis as a memorial to their father, Thomas Mellon, and also to Duncan, who died in 1914. The institute has outgrown its present quarters at Thackeray Avenue and O'Hara Streets and is gradually moving its activities to the new, beautiful, and spacious building on Fifth Avenue.

The Mellon Institute provides the proper balance of scientific personnel, laboratory and semi-plant scale equipment, and academic atmosphere which is conducive to the best effort in the solution of problems presented by a wide range of industries. The institute has 150 scientists working on 62 Industrial Fellowships. When a problem is presented by an individual, firm, or association (donor) for solution, the institute appoints a scientist, who works exclusively on this problem with or without assistants. There is no duplication of activities as only one investigation is conducted on a particular subject at any one time.

The question "Does research pay?" is answered by the results thus far obtained. About 500 novel processes and products have been

invented by the fellows. In ten instances fellowship inventions have supplied new industries. It would be impossible in the limited space at our disposal to enumerate all of the types of research being carried on, or to list those which have been completed. Suffice to state that they cover nearly every conceivable subject.

University of Pittsburgh

The Chemistry Department of the University of Pittsburgh has published 319 papers on research. The head of the department is Alexander Silverman, who is an international authority on glass. Many contributions to the literature have also been made by Alexander Lowy on dyestuffs and intermediates; by G. Stegeman on specific heats; by C. G. King on vitamins and other phases of biochemistry; by C. J. Engelder on catalysts and analytical procedures; and by A. L. Robinson on atomic hydrogen.

Gulf Research and Development Co.

One of the institute fellowships developed into a huge research organization located 15 miles north-east of Pittsburgh, a short distance from the town of Harmarville. Begun on a modest scale in 1911, the project assumed such proportions that in 1930 it was subdivided and a portion of the work transferred to what was considered ample quarters on Craft Avenue, Pittsburgh. This

building was soon outgrown and this branch of the organization in late 1934 moved to its present site where it is housed in three large buildings, one of which, the engineering building, is 83×272 feet.

For organization purposes the research company has a directorate board and several executive officers. The main divisions of operation include geophysics, geology, physics, chemistry, engineering, materials engineering, patents, and business management. Each division is subdivided into sections devoted to special phases of the work. The total staff, including a large group engaged in field exploration in geophysics, numbers about 650.

Westinghouse

Research at Westinghouse has been carried on continuously and very actively ever since the formation of the company 50 years ago. The present laboratory building in East Pittsburgh was completed in 1930 and represents a considerable enlargement of the 4-story building erected in 1916.

The research activities are carried on by eight technical divisions. The Chemical Division, among other things, studies synthetic resins, ceramic materials, and problems of corrosion. The Development Division is concerned with the design and construction of sound-measuring apparatus, talking motion picture apparatus, oscillographs, etc. The General Division carries on fundamental research on circuit interruption and metal-clad rectifiers and Ignitrons. The Insulation Division studies new insulating materials, and the Magnetic Division concerns itself with the investigation of new and existing magnetic materials, as well as with fundamental magnetic phenomena. The Mechanics Division takes care of problems related to the strength of materials, stress analysis, aerodynamics, and lubrication and wear. The Metallurgical Division studies heat-treating processes and welding, and also develops new alloys. The Physics Division is engaged in studies of thermionics, contact type rectifiers, high-frequency currents, and

problems in the field of nuclear physics.

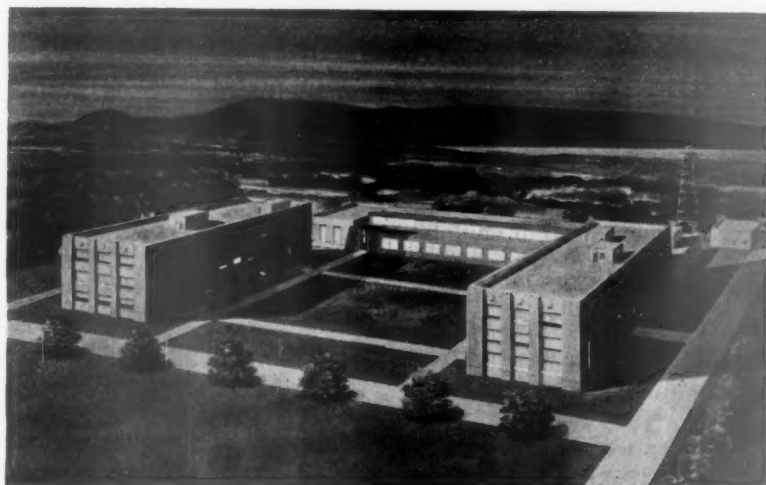
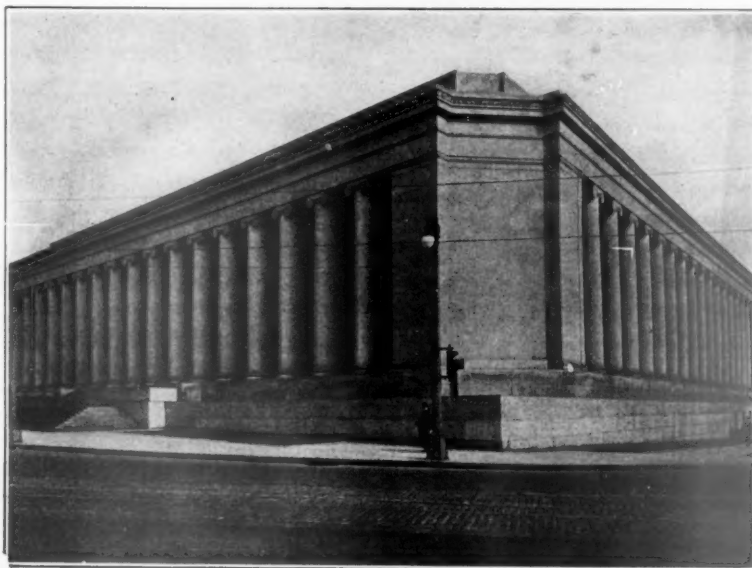
This laboratory has been very successful in the development of new pieces of electrical equipment. To list just a few—Micarta and Moldarta (for insulation and also decorative purposes), the fireproof Inerteen for transformers, new types of radio and industrial tubes. Konal as a filament material, the alloy Kovar for all-metal radio tubes, the De-ion air circuit and oil circuit breakers, photophone talking motion picture equipment, and numerous others.

Aluminum Co.

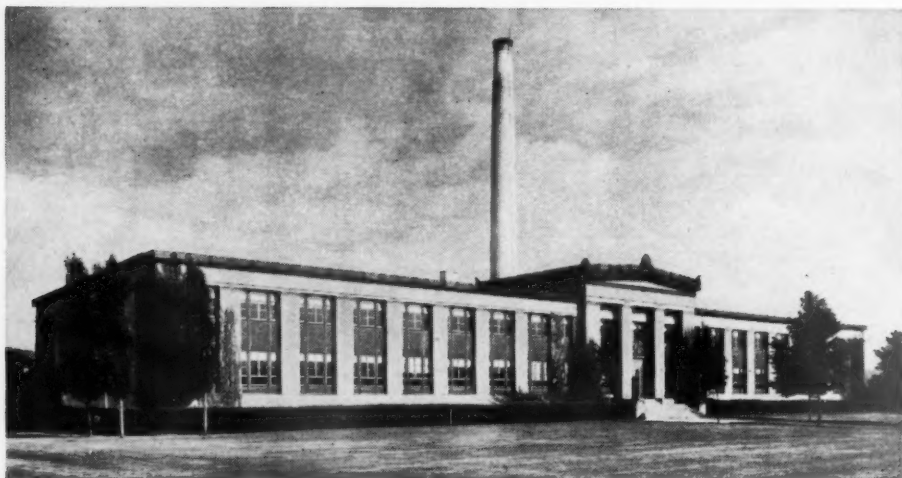
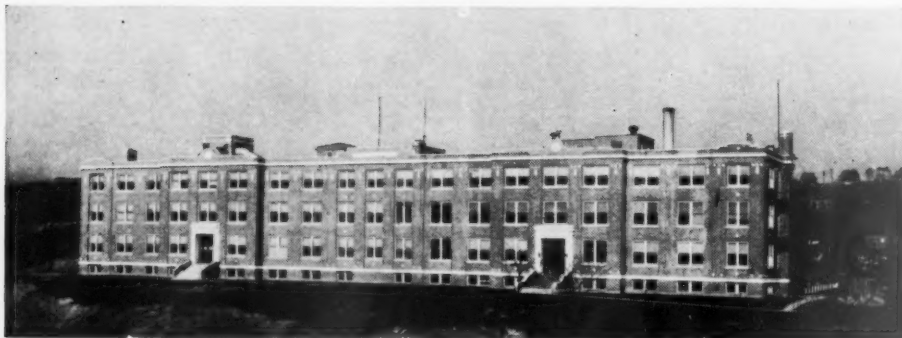
The spacious and well-equipped Aluminum Research Laboratories of the Aluminum Co. of America at New Kensington, Pa., were opened in 1930. The laboratories, directed

by Francis C. Frary, are organized into eight divisions—Metallurgical, Physical Testing, Development, Physical Chemistry, Analytical Chemistry, Paints and Finishes, Library, and Patent Divisions.

Ample facilities are available for the development of new alloys and a study of their properties by physical tests, metallographic examination, and with the X-Ray camera, the latter being employed to secure an intimate knowledge of the changes going on during the heat treatment of solid solution alloys. Studies are made of the application of aluminum and its alloys in structures such as bridges, boats, aircraft, and streamlined trains. All analytical work is centralized in one of the divisions which also develops and standardizes methods for the analysis of aluminum, its alloys,



Mellon Institute; Gulf R. & D. Co.



Westinghouse; Bureau of Mines; Aluminum Co.

and other materials. Another division studies paints for aluminum and the formulation and properties of aluminum paint. The Development Division deals with the production of alumina from its ores and various chemical products made from alumina. Problems requiring exact measurements in the field of physical chemistry are handled by the division of that name.

Bureau of Mines

Of the 13 experiment stations of the U. S. Bureau of Mines, that

of Pittsburgh is the largest. The station was first housed in the Arsenal at 40th and Butler Streets, but in 1917 it moved into its present quarters on Forbes Street, consisting of the large main building, the power house, and a few smaller buildings for large-scale experimental work. Approximately 12 miles from Pittsburgh is the bureau's Experimental Mine and Explosives Testing Station in which the first studies of the Pittsburgh unit were made in 1911. Briefly, the Pittsburgh station is concerned with the

testing and processing of fuels; processing of minerals, production of metals, and mineral physics; research and technical investigations pertaining to the cause and prevention of accidents from mine gases, dusts, fires, explosives, and mechanical equipment, particularly the use of electricity in mines; the health of miners; instruction of mine officials and miners in first aid, accident prevention, and rescue procedures; and rescue and recovery work in the event of mine fires and explosions.

Carnegie Tech

The Coal Research Laboratory of the Carnegie Institute of Technology was organized in 1930 to do fundamental research on coal and products derived from it, and to train students in fuel technology. Housed in Engineering Hall, it has 13 modern and completely equipped laboratories, as well as a large machine shop. The laboratory has been primarily concerned with the fundamental scientific aspects of the carbonization, combustion, and hydrogenation of bituminous coal.

The Metals Research Laboratory was established in 1924 for the study of the fundamental scientific aspects of the behavior of metals and alloys. The present organization, under the direction of Robert F. Mehl, is carrying on a research program which includes such problems as the plastic deformation of metals, transformations and precipitation in metallic systems, the oxidation of metal surfaces, and diffusion in solid metal systems.

Miscellaneous

Hall Laboratories, Inc., was established in 1926 to make possible the application in practice of the fundamental physico-chemical investigations of R. E. Hall concerning scale formation in steam boilers. In exploring the chemistry of the metaphosphates, the laboratory found a veritable "kingdom of Cathay" which had lain untouched for a century. The product Calgon, used to prevent the precipitation of calcium soaps, was developed here.

The Homer-Laughlin China Co., at Newell, Pa., conducts research to

develop new types of ceramic ware and different color effects. Two important developments are the non-reflecting, matte glazes, known as Vellum, and a type of strongly colored ware marketed as Fiesta.

The Pittsburgh Testing Laboratory was established in 1883 by Alfred E. Hunt and George H. Clapp. It was these same men who made arrangements with Charles M. Hall to manufacture aluminum in Pittsburgh under the firm name of the Pittsburgh Reduction Co., later known as the Aluminum Co. of America. The Pittsburgh Testing Laboratory has branch offices in the principal cities of the United States. It performs research and special investigations for its clients.

The Pittsburgh Plate Glass Co. has started a Multiple Fellowship at the Mellon Institute for carrying out fundamental research in glass technology and the production and properties of heavy chemicals, paints, varnishes, and lacquers. Twelve laboratories are reserved in the new institute building for this project. In addition, at Creighton, Pa., it has the Control and Development Laboratory for work on glass sheet rolling and drawing, and tank operation, and the Safety Glass Laboratory on new cements and plastics for laminated glass. Hi-Test Duplate is the most recent result of their efforts.

The Research and Development Department of the Vanadium Corp. of America at Bridgeville, Pa., is divided into two sections. The Process Section, headed by H. E. Dunn, pursues studies relating to the development of processes for the dressing, concentrating, and chemical extraction of the ores of vanadium, chromium, silicon, molybdenum, tungsten, and titanium; the manufacture of compounds derived from ores; and the reduction of ores and concentrates. The Metals Section, under D. L. Edlund, is devoted to the development of new alloy steel combinations and the heat treatment, physical testing, and metallographic studies of alloy steels.

The research activities of the laboratory of the Carnegie-Illinois Steel Corp. at Pittsburgh are in

charge of E. S. Taylerson, research engineer. The major portion of the work is concerned with the relationship of steel quality, rolling, heat treatment, and special finishing operations with such properties as forming quality, strength, and corrosion resistance.

The Selden Division of American Cyanamid and Chemical Corp. maintains a large staff of chemists engaged in research at its Bridgeville plant just outside of Pittsburgh. The progressive research policy of this company has resulted in a steady growth and expansion of its manufacturing facilities. The research personnel is organized into groups which specialize in service and new products for the paint, lacquer, and varnish industry and synthetic resin manufactures, the paper industry, the leather and textile industries, and industrial chemical manufacturers.

The William H. Singer Memorial Research Laboratory of the Allegheny General Hospital was established in 1915. Typical studies are the relationship between smoke and dust and disease, the treatment of fungous infections, the structures of fatty acids, and the metabolism of the liver.

The Institute of Pathology of the Western Pennsylvania Hospital was founded in 1927 upon the completion of an extensive building program which provided more than 50 rooms for laboratory diagnostic and research activities. The institute laboratories have developed a new tuberculin and a new antistreptococcus serum. Present studies deal with pneumonia, the tubercle bacillus, and the streptococcus infections.

E. O. Rhodes is technical director of the organization for the Koppers Products Co. that performs research and gives technical assistance to sales. The laboratories are concerned with research on road materials, roofing materials, and creosote. Outstanding is the development of a method of purifying manufactured gas that is now widely used by the gas industry.

There are a number of other laboratories in the Pittsburgh district

Continued on page 45



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BUSINESS BOOK OF THE MONTH

NINE HONEST MEN, by David Lawrence, Editor of *The United States News*. Published by the D. Appleton-Century Co., Inc., New York. 160 pages. Price, \$1.50.

DAVID LAWRENCE claims affiliation with no political party, but few men are as close to the national political scene. Stationed in Washington practically without interruption for the past quarter century, as an observer and reporter of government news, editor of a weekly devoted exclusively to that field, and daily interpreter of affairs at the Capital in more than a hundred newspapers, he has acquired a profound and practical understanding and respect for our governmental structure, particularly for its foundation in the Constitution.

In an earlier book, *Stumbling into Socialism*, he strongly condemned both major parties for their attitude on fundamentals, and called for the formation of a Constitutional Party,

pledged to end experiment and return to orderly processes of government as contemplated and sanctioned by that basic document which, with the oath of office, becomes a solemn contract between the people and their agents, the representative governing officials.

It is not his contention that the Constitution is a static or final instrument, clamping the dead and rigid hand of an earlier and simpler age upon the complex present. Rather it is a statement and official summary of the sovereign will of the people. Whenever that will may change, there is a definite provision for amending the Constitution in conformity with the new desires. It has been amended twenty-one times. It can be—and has been—amended within the space of nine months, a much shorter period than is required for the replacing of an executive or a legislature whose acts run counter to the general will. And that process should not only prove to be more effective than a mere change in administration; it is really essential, for the administration is charged to operate within the scope of the principles defined and the authority delegated under the Constitution.

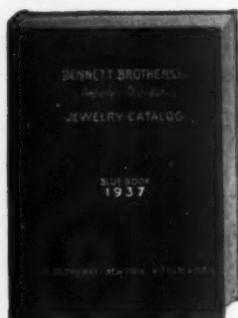
The responsibility of interpreting the Constitution is vested in the Supreme Court, and by the reasoning outlined above the Justices are thus placed in the position of representing and interpreting the supreme will of the people, even though they are not representative in the sense of being elective or subject to recall. Then along comes an administration put into office by an unprecedented popular vote four years ago, and later supported by a tremendous vote of confidence, im-

pressive indicators of the popular will. Sharp differences of opinion develop between the two, with respect to certain constitutional issues and limitations. The question arises as to which of these two bodies actually represents the will of the people. Shall the popular vote for an administration, however sweeping, be construed as superseding the formal, basic statement of principles? Under a parliamentary system as in England, or without a written constitution, Mr. Lawrence says *yes*. But under a constitutional system, our constitutional system, the answer is indubitably *no*.

This is the present situation in Washington, repeatedly brought to focus as the legislation of the past three and a half years comes at length under judicial scrutiny and review. And in the alignment of these two opposing schools of thought we have on the one hand a small group of nine men who, by temperament, calling, and position, prefer to remain somewhat aloof, secure in their vested authority, too dignified to make that authority a matter of personal controversy (though they do not want for spirited defenders among those who believe in constitutional forms and who favor the substance of the Court's decisions), and resolute in the continued calm performance of their duty as they see it, without fear or favor.

On the other hand we have a large and aggressive group, dedicated to action rather than opinion, driving earnestly toward definite and popular legislative and social objectives, skilled political strategists and potent molders of public opinion, impatient of technical barriers, waving

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the banners of youthful and progressive thought.

Viewing this controversy, Mr. Lawrence resents the open charge and covert innuendo which brands the Justices as "nine old men," reactionary, impediments to the national progress and welfare. He resents it particularly in view of the fact that the simple expedient of asking the people for a new expression of their will upon the points at issue has not been invoked, that would clearly establish whether or not the Court has been false to its trust. He resents it because, in this highly charged political atmosphere, there has become evident an effort to place upon the Court the onus and stigma of perpetuating that uncertainty and confusion, whereas his interpretation of the failure of the executive and legislative branches to seek a forthright expression of the people's will on the constitutional issue is dictated not so much by impatience as by a fear of repudiation.

His book therefore is a vigorous defense of the function of the Court and of the integrity, consistency, high principle, and dispassionate and non-partisan courage of its members, traced step by step through the record of their various decisions which have placed them at



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odds with the New Deal, although in nearly every case their decision was predictable, and predicted, well in advance on the basis of an ever-mounting accumulation of precedent and a well-defined course of judicial philosophy. It embraces a review of the major measures affecting the definition of interstate commerce, the principles of taxation, monetary policies, regulation, holding companies, labor, the right of petition, the postal power, freedom of the air.

It is inevitable that such a defense becomes a sweeping indictment of the New Deal. To the extent that this indictment concerns its objectives in specific fields there is of course plenty of room for differences of opinion. But this indictment is centered chiefly on the question of methods seeking to override and discredit the Court, in evading clear constitutional limitations, in fostering delays during which questionable legislation was construed as actually operative for extended periods prior to its scrapping on the grounds of invalidity under basic law. All of which results in a situation characterized as government by subterfuge and usurpation of authority.

Where does that leave us? Certainly upon very insecure ground. Just how insecure, is indicated by a couple of quotations. One of these is the President's now famous message of July 6, 1935, to Representative Hill of the House Ways and Means Committee: "I hope your committee will not permit doubts as to constitutionality, however reasonable, to block the suggested legislation." The other, also dated in 1935, is from *A Constitutional History of the United States*, by Prof. Andrew McLaughlin of the University of Chicago: "Any private person has the right and it may be his duty to refuse to obey an unconstitutional act. But if he is held by the court to be wrong in concluding that an act is unconstitutional and therefore to be disregarded, he has to take the consequences."

In both of these statements it is conceded that the court has the final

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word, but in the meantime nothing but chaos can result from a situation in which Congress is encouraged to enact measures which the people are encouraged to disregard.

This part of the discussion touches an issue which is truly outside of and above the plane of partisan politics, though it is argued and demonstrated in terms of partisan measures, which will probably result, unfortunately, in its being read and interpreted also in a partisan spirit. But whether New Dealer or Constitutionalist, liberal or conservative, no reader can fail to clarify in his own mind some of the fundamental issues regarding our form of government from this exposition and

defense—not only of the Constitution, but of the constitutional system.

Perhaps the Constitution needs to be amended. In our current national controversy the amendment most frequently suggested is a curb upon the authority of the Court. But this sort of measure, Mr. Lawrence contends, means virtually an end to the Constitution. He takes up the argument, heard after every five-to-four decision, that no one man should have the authority to sway the balance of national policy in a case of this kind; and he points out that this would not be essentially changed with the requirement of a six-to-three mar-

gin, and that the same argument would apply with equal force to the presidential veto power (exercised 100 hundred times in a single day by Mr. Cleveland) or to the last congressional vote required to secure a majority sufficient to override such a veto.

He has some further suggestions as to possible amendment, not altogether new but deriving new force in the light of the implications of a Supreme Court with clipped wings. One of these is the limitation to a single term in the presidency, which would have the effect of lifting the chief executive, like the Justices, above the necessity of political considerations involved in seeking reelection. Another is the provision, commonly accepted under a parliamentary regime, for a recall of the President or Congress or both in the event that their acts have forfeited the confidence of the people on an important measure. These, according to Mr. Lawrence, may be essential safeguards to impose in case that the Constitution, interpreted by the Court, is no longer accepted as the guiding rule for representative government.

We are rapidly approaching another national election, which again purports to express the will of the people, and the chosen candidate will be clothed, in the popular mind, with the representative authority to direct national policy. He will make public oath to uphold and defend the Constitution. And the Supreme Court will continue to sit in its new marble temple, calmly and unhurriedly considering the cases which come before it, making haste slowly, and handing down their decisions to give vitality or to nullify the feverish activity of the legislators in the Capitol across the way. Only indirectly and by implication will the sovereign people declare themselves with regard to the basic covenant upon which the whole business of government is predicated. The Justices cannot be insensible of the temper of popular opinion as indicated in the selection of executive and legislative representatives, but can they regard this implication, whatever it may be, as



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a popular amendment to constitutional authority and decree? Hardly. That is a matter to be decided by a forthright yes or no, to be written into the Constitution or erased from it by due and orderly process. For despite the solemn pronouncement of Justice McReynolds at the time the gold clause opinions were handed down (by the margin of a single vote), the Constitution is not gone.

Obituary

RICHARD A. ALLEN, 60, formerly City Purchasing Agent at Frankfort, Indiana, died September 11th at the Clinton County Hospital after a five months illness. Mr. Allen was prominently identified with the business life of the city throughout his lifetime, and gave up a successful career in newspaper work and contracting to organize the city purchasing department, which he actively supervised until his recent retirement on account of failing health.

HUGH F. ALLSPAUGH, formerly purchasing agent for the Humphrey Petroleum Co., Tulsa, and more recently in business on his own account in Amarillo, Texas, died last month at his home in the latter city after a prolonged illness.

RICHARD H. YANCEY, 69, Purchasing Agent of the Berger Mfg. Co. for 25 years prior to his retirement from active business in 1919, died at his home in Canton, Ohio, September 14th. Mr. Yancey was one of the organizers of the Berger Co., and served on the directorate in addition to his purchasing duties.

CURTIS C. HUNTER, Purchasing Agent of the Steel Products Co., Pittsburgh, and an active member of the Pittsburgh Association, died suddenly on September 19th.

JAMES G. STUART, 67, formerly assistant purchasing agent for the Burlington Railroad until his retirement last January after forty-eight years of service with the road, died at his home in Aurora, Ill., September 21st.

Research in Pittsburgh

(Continued from page 41)

carrying on research in different fields. Among them are the laboratories of the H. J. Heinz Co., foods; the Federal Laboratories, Inc., lachrymators; Penola, Inc., oils; Pennsylvania Salt Manufacturing Co., chemicals; Jones & Laughlin Steel Corp., metals; Crucible Steel Co. of America, metals; Hazel-Atlas Glass Co., glass; R. H. Brownlee Laboratory, oils; McKeesport Tin Plate Co., base plate; Weirton Steel Co., metals; General Chemical Co., chemicals; Vitro Manufacturing Co., enamels; Rodman Chemical Co., steel-hardening; Neville Co., solvents; O. Hommel Co., enamels.

The great majority of industrial research projects are seldom brought to the attention of the readers of the scientific and lay press. Investigations are being made continually by companies interested in improving the quality of products, developing new products, recovering waste products, etc. Reports of such studies remain in company files.

As time goes on, research is being recognized more and more as a necessary cog in the machinery of industry. Nowhere is this view more generally accepted than in the great industrial community of Pittsburgh.

Reprinted by special permission of the Pittsburgh Chamber of Commerce, from the August, 1936, issue of *Greater Pittsburgh*.

Changes at Houston

LOUIS L. JAMES resigned as city purchasing agent at Houston, Texas, effective October 1, to engage in the real estate business in that city. Mr. James has been in municipal service for seventeen years, the greater part of the time as chief clerk of the fire department and for the past year in the purchasing department.

STERLING HOGAN is appointed acting purchasing agent and HOLLIS JACOBS assisting purchasing agent.



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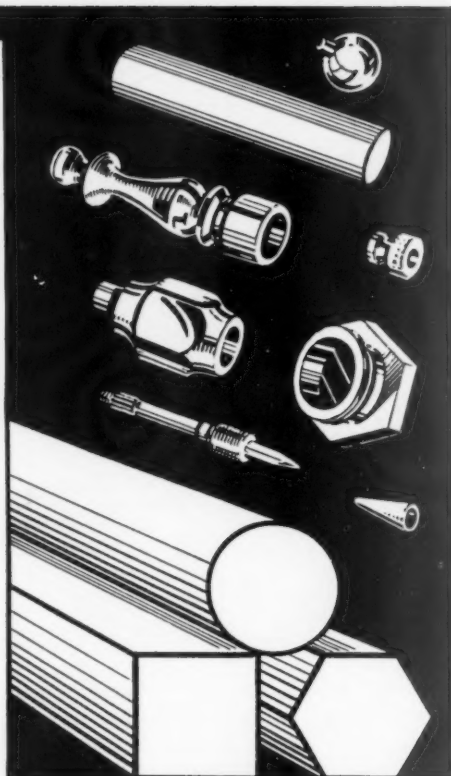
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Buying for the "Lindbergh Line"

(Continued from page 19)

other buildings belonging to the company all require materials for upkeep and furnishing. An order for a hundred typewriters is a routine requisition. No less than 132 different kinds and colors of paint are used by TWA, and a paint order of seven thousand gallons represents a single year's supply for keeping up the appearance of the "Lindbergh Line."

For the traffic department, there is the purchase of all printed matter, time tables, advertising literature, and ticket office equipment. Even the purchase of tickets and baggage tags offers a surprising volume.

Organization equipment includes all furniture and office supplies.

Policies

The usual commercial considerations, such as price and service, are of course factors that are carefully

considered in this purchasing program, but the deciding factor in most instances is the company policy to provide the ultimate in swift, safe and comfortable passenger travel. "The comfort and enjoyment of passengers is never overlooked in buying for this department of the company," says Mr. Betts. For this reason, the commercial factors are not permitted to sway a decision from one product to another if better operations or greater passenger comfort is involved.

For this reason, the purchasing department keeps well posted on the development and marketing of new articles that can be used to advantage in the air transport business. The introduction of a new radio tube that might improve reception or transmission does not pass unnoticed, and Mr. Betts refers it to the company laboratory for investigation and test. If it proves to be desirable, and offers an improvement over the type now in

use, then the new article is specified for the next requisition. This policy requires constant touch with technical and design developments in nearly all lines of business.

To know the values of linens and silverware for dinner service on board a skyliner, and at the same time to understand and appreciate the particular merits of a 750-horsepower aircraft engine, and to judge the comparative value of engine valves, tool sets, or radio transmitters, is an art in purchasing that carries responsibility, requires a wide range of information, and calls for high ability.

Robinson-Patman Act

(Continued from page 14)

personal responsibility could be evaded. We are now applying so many taxes and regulations to the corporation that the old personal responsibility may soon become more acceptable and profitable than the advantages of incorporation.

Effect on Buying

It seems fairly clear that the industrial type of purchasing is hardly affected by these regulations, and that it was never intended to be. Legitimate differentials for quality and quantity are in no way affected, nor any others that allow for differences in cost of manufacture, sale or delivery. The right of the seller to select his customers and change prices to meet market conditions is expressly provided for. To be unlawful, discrimination must not only be unjustifiable, it must be injurious. It is difficult to see how sound sales policies could give greater consideration to customers, or how sound purchasing policies could demand discrimination that is unlawful.

F. T. C. officials believe this legislation will not interfere with sound business policies. That would seem to be a good basis to work from. I don't believe any honest person attending to business in an honorable way through legitimate transactions need worry over any penalties that may be inflicted. The penalties are



Insist ON
"TREAD" GUMMING!



IT'S IMPORTANT

that the gummed tape you use offers every advantage for shipping room economy. Consider the five exclusive advantages of **STERLING "TREAD" GUMMED TAPE**—25% faster stick—permanent adhesion—non-skidding—smooth corner folds—cleaner sealing. They mean maximum shipping room efficiency. Your local dealer stocks Sterling. Then there is **TROJAN GUMMED TAPE**, a high-grade sealing tape with plain gumming.

Insist ON *Sterling*
"TREAD" GUMMED TAPE

U.S. PAT. NO. 1,978,631

or

TROJAN GUMMED TAPE

THE GUMMED PRODUCTS CO. OFFICES & MILLS TROY, OHIO

Sales Branches:

Chicago, Cincinnati, Cleveland, Los Angeles, New York, St. Louis



The Gummed Products Company, Troy, Ohio
Send me a copy of The Facts About Sterling
Gummed Tape. Pos. _____
Name _____ State _____
Firm _____ Address _____
City _____
(Please attach to business stationery)

U.S.A.

for fraudulent practices and subterfuge. Accidental breach of these regulations is almost impossible, with costs the basis of differentials.

If you believe that discriminatory prices by organizations supplying competitors are unfair and restrain trade, this law is a blessing. If you believe the sky is the limit, that captive or related organizations should get treatment to the disadvantage of competitors, that preferred reciprocal arrangements are entitled to inside deals, then this legislation will be a bogey, and I feel sorry for anyone who is compelled to carry out injuriously discriminative policies for his company.

These regulations do not conflict with the standards for purchasing or with the code for buying and selling that are sponsored by the N.A.P.A. They may handicap hard-boiled buying if that condition exists. They may furnish a splint for weak-kneed selling that meets the lowest quoted price, regardless of costs. The "second look" type

of salesman and the "confidential dope" type of buyer may object to a regulation that compels proportionately equal treatment for all customers and sound justification for all prices.

Impractical Angles

The Borah-Van Nuys section is one of those idealistic efforts to do something in an impractical manner. Making both parties to an illegal transaction guilty just about prevents successful prosecution. You need one to convict the other. "It takes a crook to catch a crook" is more than a wise-crack when such a case is prosecuted. We found that out in the prosecution of commercial bribery under legislation sponsored by the N.A.P.A.

This section is also physically impossible to satisfy. It doesn't permit the selection of customers; at least it doesn't say so. Therefore the courts will have to throw it out or limit its application. You can't sell all or a large part of your output

to one or a few customers and then offer the same proposition to all who want to buy. You couldn't deliver, and you can't be compelled to build a new plant to meet the wishes of a buyer.

These two factors will surely prevent any wild prosecutions under this section. Only a glaringly injurious case of discrimination could be successfully prosecuted with no help from either party to it, and I'm sure the courts will hold illegal, as impossible, any attempt to prohibit the right to select customers. Outside of these defects, the provisions should give ample leeway for business transactions.

Implications

Where does that leave us? We hear a lot about the implications of this law—how it may decentralize industry to evade these regulations and hold the transactions within state lines as intra-state commerce, which federal regulations cannot touch. Those are not implications

"P.A.'s" NOMINATE"

BROWN
FOR
ENVELOPES

ON A PLATFORM OF
ECONOMY—QUALITY—SPEED

We Manufacture and Sell Direct

OPEN END ENVELOPES
(for payroll purposes and packaging
of small articles)

**CATALOG AND HOUSE
ORGAN ENVELOPES**

GLASSINE ENVELOPES

COMPLETE PRINTING FACILITIES

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MAKE YOUR
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Real *Pleasure*

Stay where successful men and women stay—on Michigan Avenue at the Auditorium Hotel where the gallant hospitality of the past meets the modernity of today. Enjoy the fine food,—the large spacious rooms and the



convenience of its "edge of the Loop" location.

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HOTEL**

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AT CONGRESS
STREET

GEO. H. MINK
Manager

RATES
WITH PRIVATE
BATH
\$2.50
WITHOUT PRIVATE
BATH
\$1.50

of this law, but of the evasions of its effect.

I can add to the implications that may come from its evasion. Labor and farm organizations are already exempt from the restrictions of our anti-trust laws. This law, in the penal section, extends exemption to consumer cooperatives. You may find the consumer driven to the organization of cooperative associations if retailers or wholesalers continue to demand uneconomic protection at his expense. The consumer doesn't like sales taxes; the politicians have found that out. They will also find that the consumer doesn't relish sales taxes in the form of business profits any more than government sales taxes.

If you want more implications, Congressman Patman has a model state law and intends to extend these regulations to intra-state commerce. He also plans to push two new bills in Congress. One would prohibit a manufacturer from engaging in retail distribution. The other would compel any distributor in inter-state commerce to pay the federal government all excise or local taxes that his local competitors must pay to the state. Notice that here again he is shooting at the mass distributors in the merchandise field.

Now look at the mass distributors' side. Perhaps there has been some hard-boiled and injurious buying pressure used; where there is so much smoke there must be a little fire. But eliminating that—and I'm sure we can all agree it should be eliminated—is he going to take it on the chin just to help out his small and inefficient competitor? Decidedly not. In New York City one large grocery chain has sold all stores to the managers and remains in the wholesale field to supply them. A. & P. threatens to do that wherever taxes or regulations compel it. Standard Oil is selling all retail filling stations to their managers to avoid the discriminatory taxes and regulations on the large distributor. Their action has developed a significant situation. Employment in those stations under independent managers has fallen off sharply. The independent owner

works long hours and puts the family on the job. That doesn't help our unemployment situation, and most of the unemployment now is in the service trades.

Don't you believe that the public will learn what we purchasing agents found out long ago—that quality standards and fair dealing usually go with the large organization? They are necessary to operate successfully.

The Legal Side

We have touched only a few of the legal questions that have been raised. The basic principle involved is surely not illegal. Prohibition of the use of interstate commerce in a discriminatory manner that inflicts injury on others is well within the authority of Congress. Enforcement of uniform rates for identical service on the railroads by the I.C.C., and prohibition of secret discriminatory freight or passenger rates, would seem to be a parallel example of the use of that authority for many years. There, too, it is injury to the competitor through use of discriminatory rates, that is prohibited. For that reason, I am fairly certain the Borah-Van Nuys section of this legislation will fail to stand up in court tests—unless the discrimination is proven injurious, and the seller is permitted to choose his customers so that injurious discrimination may be avoided.

So far as the penalties of fine or imprisonment are concerned, they have been in the Sherman Act for forty years. Judge Landis made his reputation with a ten million dollar Sherman Act fine.

The anti-trust laws have heretofore prescribed free competition among those engaged in interstate commerce. That is not changed. The new legislation limits that freedom only when it discriminates to the injury of a competitor or the public interest. If my interpretations are sound, we need not fear these regulations. In fact, business would be generally benefitted by their observance.

There may be attempts to use this legislation as a club or excuse for

collusive prices or selling practices. There can be no excuse for that. It would be an embezzlement of authority by misinterpretation, not far removed from a racket, and would probably end just where the NRA codes did. Nothing in this law supports or condones collusion in selling. It does not authorize competitive sellers to quote the same price, or compel a seller to secure the same price from all customers.

Neither does it prevent the acceptance of the best price or terms offered, unless you know it will be injurious discrimination. It does not reduce the need for a careful examination of all competitive values. It does not restrict or prohibit legitimate competition; it further defines the rules of the game that are intended to promote active but fair competition.

Distributors are not protected artificially, but are certainly protected in the value of the service they render, and are entitled to differentials that allow for the value of that service. The small buyer is not protected, neither is the large one. Each is entitled to the prices and allowances that can be justified. This may not help the small buyer, for small orders are notoriously unprofitable and now each customer's orders should carry their proportionate cost.

To avoid the possibility of discrimination under the Clayton Act, sellers may select their customers in a particular classification. They may restrict sales to large buyers at low prices, or to small buyers at higher prices. The small retailers fear that and are not enthusiastic about it. With all justifiable differentials allowed, it may be the small buyer who is hurt. Surely the large quantity buyer won't be, so it may prove to be a boomerang.

Red Light

The real danger to the representative buyer, in my estimation, is not from the F. T. C. or the prosecuting authorities. The most serious possibility is the right of a disgruntled competitor to sue for triple dam-

ages. That could lead to serious abuse.

The prudent business man will scan carefully his sources of supply, make sure they are representative and would not lend themselves to any blackmailing actions through careless or deliberately injurious discrimination. The financially irresponsible supplier will find his going rough on that account. You can't be stuck unless you have knowledge of the injurious discrimination, of

course, but such actions would be very embarrassing and inconvenient even if you did successfully defend and justify your actions.

In other words, my advice is to paraphrase Emerson: So conduct yourself and your business transactions that you can look every damn man in the face and tell him to go to hell. And just as important, deal only with people who follow that rule. And the Robinson-Patman Bogey won't get you.



? of \$

A "question of dollars" has long made L. & C. Mayers Catalog well known and constantly used in the purchasing departments of America's foremost business organizations.

It answers the dollar question in "saved dollars," affording opportunity for purchasing departments to buy diamonds, watches, silverware and thousands of items in better grade gift wares for customers, officials and employees.

July 1, 1936, ushered in the 25th Anniversary Year of this company. We propose to make it represent something of unusual advantage to our customers in particularly desirable stocks of merchandise and purchasing opportunities beyond anything we have ever offered.

Be sure to keep our Catalog where it can be used.

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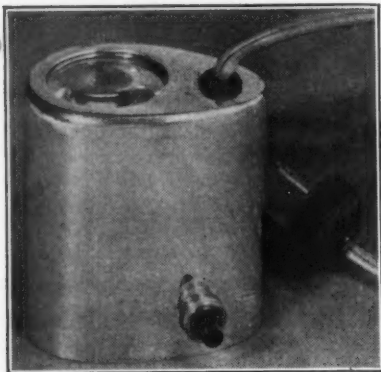
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ALBANY—BUFFALO—HARTFORD—PHILADELPHIA

NEW PRODUCTS & IDEAS

ILLUMINATED MAGNIFIER

No. 286



FOR CLOSE inspection of minute details, as on small prints, identification marks, bank notes, documents of all sorts for erasures and forgeries, etchings, engravings, coins, stamps, photographs, motion picture films, etc., this illuminated lens provides concentration of light without distortion or diffusing reflections. Its design is such that the lens is always automatically in focus.

See coupon below



FUSE CLIP CLAMP

No. 287

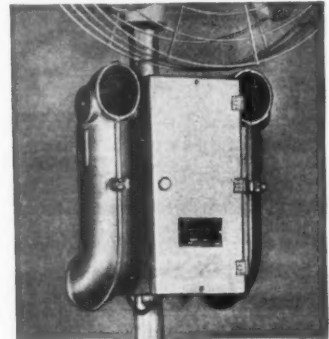
DESIGNED ON a new principle of applying pressure to the blades of fuse or switch clips, a turn of the knurled knob of this clamp forces a steel ring over the outside of the jaws, resulting in tremendous pressure and a grip which is equally firm on all clips, irrespective of width. It cuts down resistance between clips and fuses or switch blades, eliminating considerable power loss; prevents burning and pitting due to poor contact; keeps

clips permanently aligned and does away with the nuisance and expense of sprung and uneven clips. It has been found particularly useful on heavily loaded lines where fuse replacement is frequent. A safety factor of importance is the deep insulating skirt to shield against live contacts.

See coupon below

OZONE GENERATOR

No. 288



A CURRENT OF high voltage impressed between two electrodes, by means of a transformer, one side of which is attached to the copper lining of a glass cylinder, and the other side to an aluminum part surrounding the cylinder but standing free of it, generates ozone in the air space between. This basic unit has been incorporated in a number of assemblies for freshening air and in portable models for installation in commercial refrigerators to prevent molding action in atmospheres of high humidity.

See coupon below



COMBINATION LAMP DIFFUSERS

No. 289

TWO TYPES of light sources are combined in this unit, designed to accommodate one 250-watt mercury lamp and either one or two incandescent lamps, the resulting illumination providing a high degree of color accuracy not otherwise obtainable and which is highly desirable in a variety of commercial and industrial installations where color discrimination is an important factor. By means of a porcelain enameled steel dome type reflector with oxidized aluminum auxiliary reflector in the hood, and a diffusing globe of opal glass, the light from the lamps is thoroughly mixed, resulting in an evenly diffused and blended illumination. Approximately 10% of the light is directed through apertures in the top of the reflector onto the ceiling,

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thus reducing sharp contrasts. There is specially ventilated construction to prevent excessive operating temperatures, and in the event of current interruption, the mercury lamp will cool sufficiently to re-start. Separate circuits must be provided, as the mercury lamp will not operate without special transformer or reactor equipment.

See coupon page 50



WIRE SCREEN MASK

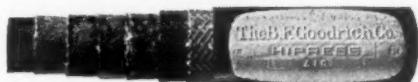
No. 290

THIS LIGHT weight mask of many practical uses is made of durable black vulcanized fiber covered with fine mesh screen wire, reinforced with metal. The headgear is of fiber and adjusts to any head size. It can be used for protecting the face and neck from furnace heat and open fires when chipping and scaling steel armor plate; offers protection in operations involving flying particles of metal and wood; can be used with goggles when pouring babbitt-metal if frontal protection only is desired.

See coupon page 50

PNEUMATIC HOSE

No. 291



A NEW PRODUCT applicable to all types of air tools makes use of a combination construction in long lengths. The inner carcass consists of four plies of specially woven duck. The outer carcass is a tight braid of high tensile cords applied with ten times normal tension. Between the two is a substantial insulation serving as a secondary tube to seal off penetration of air and to cushion blows from the outside. The use of the outer braided carcass is said to give greater flexibility and more secure adhesion of cover than is obtainable with an all-wrapped construction.

See coupon page 50



MELTING FURNACE

No. 292

NATURAL OR ARTIFICIAL gas is used as the fuel for this furnace, designed for melting aluminum. Available in single or two-pot models with capacity of 30 or 50 pounds of aluminum per pot. Floor space for the double unit is 44 X 45 inches. Burner and blower assembly is located at the back of the furnace, and semi-automatic motor control keeps temperature at

MILES shrink to inches...

HOURS to minutes

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Super-speed deliveries of almost everything you order can best be made by *nation-wide* Air Express — 2500 miles overnight — *directly* to 215 cities in the United States and Canada. Also, by swift hook-in at these points with fast rail express to 23,000 offices, the continent is right under your thumb. For Latin-American shipments, Air Express covers 32 countries at low rates and the fastest possible speed.

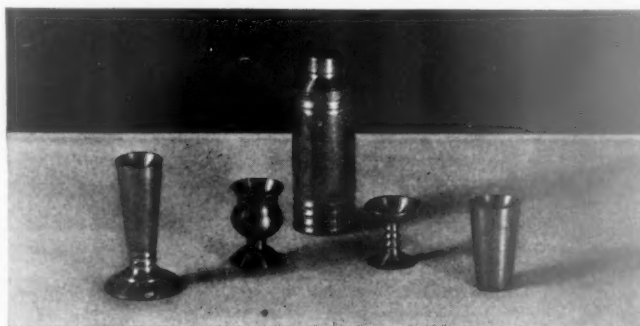
- * Day and night service.
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"Miniatures"!

Art on a screw lathe? Why not? Not all demands on "Peck Service" are for workaday parts. Frequently the toy and game field wishes a purely eye-appeal idea carried out on a production basis, and "Peck Service" does the job—with the same earnestness that would be expended on parts for a mechanical function.

If interested in a service that transcends mere routine, you should

SEND FOR THE PECK CATALOG

—a rather unusual book on screw machine parts and springs that you will want to keep in your personal file. It is free.

PECK SPRINGS AND SCREW MACHINE PARTS

The Peck Spring Co. - 10 Walnut St. - Plainville, Conn.

FRIENDLY SERVICE

Means a Lot!



The McKay Company is large enough to supply you with everything you need in CHAIN—yet small enough to give your needs personal attention. Every inquiry and every order, large or small, gets "friendly service."

THE MCKAY COMPANY
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DIAL SCALES

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IDEAL TANK TYPE CLEANER

Powerful vacuum picks up heavy metal or pieces which are deposited in tank. Protects bag from injury. Blows a stream of air at 276 M.P.H., which really moves dust from those neglected out-of-reach places—and this is corrosion-fighting dry air!
Test it free. Write



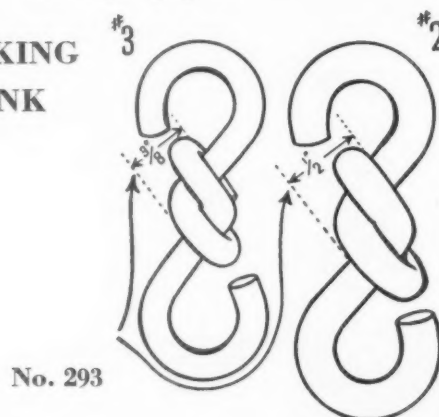
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BLOWS
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the point desired, by means of a hand lever indicator scale. The lining is of Bernitz carbofrax, backed up with an insulating refractory, while an air stream cools the outside of the furnace. Heated gases from the furnace can be used to preheat the metal.

See coupon page 50

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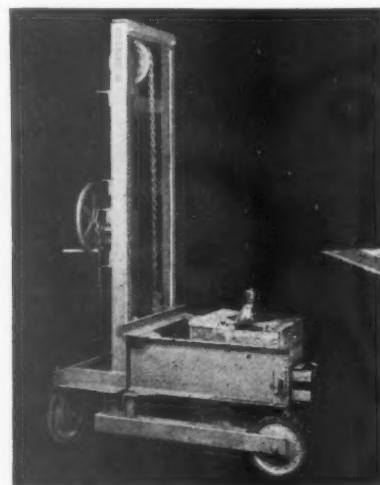


No. 293

APPROPRIATE TO the approaching winter season when tire chains will again be in use on industrial trucks and delivery fleets, is this new repair link made of hard steel wire copper plated. Simple in design, and readily applied with finger pressure, the tension of the chain automatically and positively locks the link against any possibility of coming off. Made in two sizes, for regular and heavy duty chains, it will also fit the new type cross chains with bars. It affords excellent strength and wearing properties, and will not dig into the tire. In addition to this major application, the link is serviceable for quick repair and maintenance work in many industrial chain uses up to one ton capacity, such as towing chains, harness and slings, drag lines, etc.

See coupon page 50


CARBOY DUMPER



No. 294

THE HAZARDOUS operation of emptying carboys into vats or tanks is facilitated by this device. The platform straddles the carboy, which is then locked in place by two clamping wheels. Positive gear control is provided for elevating, lowering and tilting the carboy, and the tilting position is well out from the machine providing ready access to the tank as well as additional protection to the operator, stationed at the controls well out of range of any splash. Sturdily built, with large rubber-tired wheels for stability and ease of handling, and finished with two coats of acid-resisting paint.

See coupon page 50



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"Modern Shipping Boxes" illustrates the modern tendency in interior construction and exterior design. It shows how your shipping boxes can be made outwardly colorful and attractive. This card will bring your copy.

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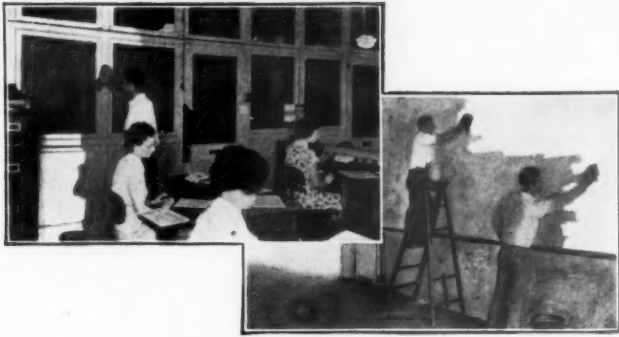
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No. 295

A NEW PRODUCT for cleaning painted walls, removing the dust film and restoring the original luster, thus largely eliminating the necessity of periodical repainting of surfaces where an accumulation of dust rather than the deterioration of the paint film has caused a dull appearance. The cost of material is estimated at 30 cents per 1,000 square feet, and the actual cleaning is not an expensive process, consisting merely of sponging on the solution and then rinsing with clear water. There are no disturbing odors, so that the whole cleaning job can be performed without disturbing office or factory operations.

See coupon page 50

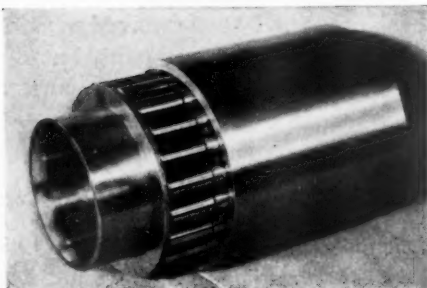


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THE INSULATING efficiency of this shipping carton, using dry ice as the refrigerant, was put to a striking test recently when a package of ice cream was shipped from New York to Germany by the Hindenburg, world's largest dirigible, and arrived at its destination in perfect condition.

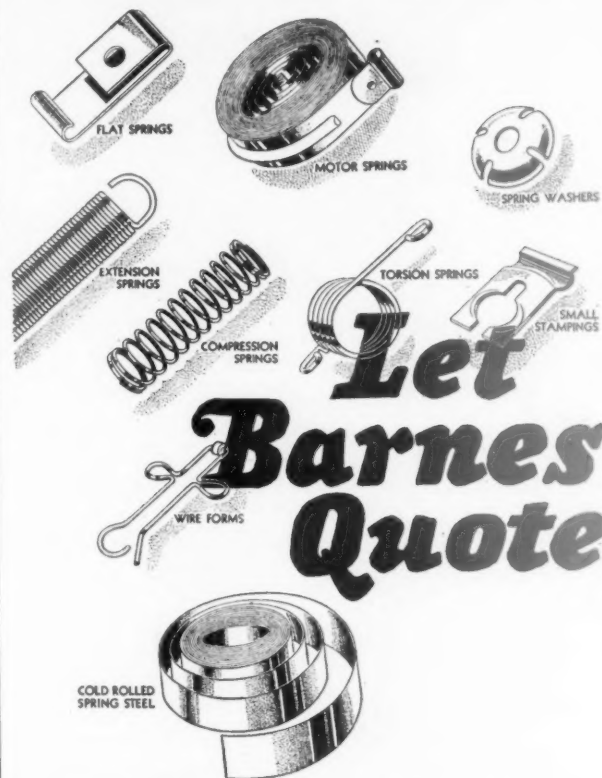
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ROLLER BEARINGS

No. 297

AN EXTENDED range of almost a hundred sizes of roller bearings is now available in rated capacity from 10,000 to 500,000 pounds, meeting the requirements of paper and steel mills, rubber and oil field equipment, etc. Rollers of $\frac{3}{4}$, $1\frac{1}{16}$, $1\frac{1}{4}$, and $1\frac{1}{2}$ inch diameter are used, and there is a choice of eighteen different bores. Increased load capacity is attained by



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SPRINGMAKERS FOR MORE THAN THREE GENERATIONS

EFFICIENT RESULTS *the gauge of cleaning economy!*

Your operating departments . . . or your wife . . . will tell you cleaning materials are not alike. The difference in the cleaning performances they give may often be as wide apart as the poles. And it's cleaning results that count . . . that determine whether unit costs are too high or not.

It's on the comparison of results that Oakite materials welcome your closest examination. Put them to any test you want to. Make them demonstrate by actual performance they will do all we claim.

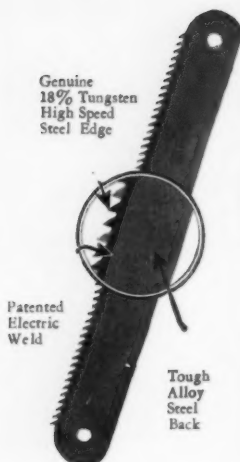
Remember . . . Oakite materials are sold on a "make-good" GUARANTEE. Otherwise they cost you nothing. Write for quotations on your requirements.

OAKITE PRODUCTS, INC., 54 Thames St., NEW YORK
Branch Offices and Representatives in All
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THE STANDARD
OF CLEANING
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SPECIALIZED INDUSTRIAL CLEANING MATERIALS & METHODS



End Needless Risk with **MARVEL** High-Speed-Edge Hack Saw Blades

With the *unbreakable* MARVEL Blades you run no risk of blade failure—of delays for breakage, of personal injury from shattering, nor of underestimated tool cost. Every sawing job comes out as scheduled, pays its full profit.

Box for box, MARVEL BLADES out-cut, and out-last all others, still cost no more than ordinary high speed blades. Standardize on MARVEL for clean, fast cutting; for safety; for uninterrupted production.

Armstrong-Blum Mfg. Co.
"The Hack Saw People"
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Bituminous Coal

MINES: Scalp Level, South Fork, Hastings and La Rayne Districts of Penna., and Fairmont District of West Virginia.

SIZES: Lump — Egg — Nut — Pea — Stoker — Mine Run—Especially Prepared Coal for Pulverizing.

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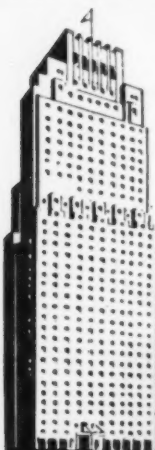
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MORE AND MORE prominent business executives are attracted to this modern 26 story hotel. Within 4 minutes WALK of "Radio City", 69 theatres, Madison Square Garden. Close to many important mid-town offices and buying centers. Enjoy cocktails in the new Piccadilly Circus Bar—one of the finest in the United States. Luncheon from 50c. Dinner from \$1.



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the use of solid rolls, held in place and guided by spacer bars rather than by rivets through the rolls themselves. The cage is fabricated of specially form-rolled spacer bar stock, with carburized and hardened end rings. The whole assembly is made with a fixed radial clearance to allow for expansion and temperature differentials.

See coupon page 50

ELECTRIC SOLDERING IRONS



No. 298



A NEW LINE of electric soldering irons contains eight sizes ranging from 52 watts, with a 7/16-inch tip to 435 watts with a 1 9/16-inch tip. Each iron is equipped with a 6-foot flexible cord and a metal resting stand. The irons, produced after two years of research, operate on either A.C. or D.C. The handles are removable, adjustable as to length by means of a lock collar and sleeve, and are well ventilated. Tips are of compressed pure copper. Hermetically sealed heating heads protect the built-in windings and solid copper cores from air, flux fumes and moisture. The tools are well balanced for ease in handling and use. A new folder, "Expert Soldering" is also available upon request.

Credit Relations

(Continued from page 37)

the opportunity to rectify their shortcomings. Such obviously routine messages are usually discarded without even being read—I had to keep a sharp look-out for one for four days to enable me to review its contents. If credit men are responsible for this sort of follow-up, I believe they are not only wasting forms and postage but are usurping (and executing rather poorly) a distinctly sales function.

On the other hand, I believe credit men can increase materially the good will of their companies by personalized letters acknowledging, incidentally, business received and, particularly, habitual prompt payment—where such letters are apropos. I have received numerous "thank you" letters from sales managers, but do not recall ever having had one from a credit manager. It seems to me that a letter from the credit manager complimenting the buyer's prompt payment record would carry more weight and prestige than a similar letter from the sales manager. Such a letter from the sales manager is rather expected, and seems like a bid for more business, whereas, regardless of the respective rank of the sales and credit managers, the sales manager is in more or less direct contact with the buyer, while the credit manager is behind the scenes, represents the "Home Office" seems higher up.

Address before the Cincinnati Association of Credit Men, September 22nd.

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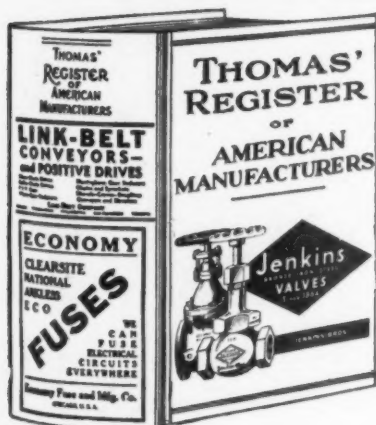
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